



Mary Taylor, CPA
Auditor of State

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Food Donation	10.550	N/A		\$341,588		\$341,588
Nutrition Cluster:						
School Breakfast Program	10.553	05PU-2007	\$21,145		\$21,145	
		05PU-2008	134,782		134,782	
Total School Breakfast Program			155,927		155,927	
National School Lunch Program	10.555	LLP4-2007	107,077		107,077	
		LLP4-2008	764,158		764,158	
Total National School Lunch Program			871,235		871,235	
Total Nutrition Cluster			1,027,162		1,027,162	
Child and Adult Care Food Program	10.558	CCMO-2007	3,089		3,089	
		CCMO-2008	13,260		13,260	
Total Child and Adult Care Food Program			16,349		16,349	
Total United States Department of Agriculture			1,043,511	341,588	1,043,511	341,588
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Adult Education - Basic Grants to State	84.002	ABS1-2006			68	
		ABS1-2007	11,266		16,811	
		ABS1-2008	84,762		76,276	
Total Adult Education - Basic Grants to State			96,028		93,155	
Title I Grants to Local Educational Agencies	84.010	C1S1-2007	47,252		58,765	
		C1S1-2008	400,692		365,228	
Total Title I Grants to Local Educational Agencies			447,944		423,993	
Special Education Cluster:						
Special Education Grants to States	84.027	6BSF-2007	14,094		113,888	
		6BSF-2008	1,824,187		1,663,881	
Total Special Education Grants to States			1,838,281		1,777,769	
Special Education Preschool Grants	84.173	PGS1-2007	5,144		2,380	
		PGS1-2008	6,289		2,875	
Total Special Education Preschool Grants			11,433		5,255	
Total Special Education Cluster			1,849,714		1,783,024	
Safe and Drug-Free Schools and Communities State Grant	84.186	DRS1-2007	707		311	
		DRS1-2008	13,352		14,484	
Total Safe and Drug-Free Schools and Communities State Grant			14,059		14,795	
Even Start State Educational Agencies	84.213	EVS1-2007	7,611		18,486	
		EVS1-2008	168,865		156,221	
Total Even Start State Educational Agencies			176,476		174,707	
State Grants for Innovative Programs	84.298	C2S1-2007	455		3,731	
		C2S1-2008	64,202		55,251	
Total State Grants for Innovative Programs			64,657		58,982	
Education Technology State Grants	84.318	TJS1-2007	1,102		671	
		TJS1-2007	5,512		5,253	
Total Education Technology State Grants			6,614		5,924	
English Language Acquisition Grants	84.365	T3S1-2007			2,292	
		T3S2-2007	(1,573)			
		T3S2-2008	16,349		14,919	
Total English Language Acquisition Grants			14,776		17,211	

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Improving Teacher Quality State Grants	84.367	TRS1-2007	17,059		25,251	
		TRS1-2008	116,676		110,913	
Total Improving Teacher Quality State Grants			<u>133,735</u>		<u>136,164</u>	
<i>Passed through Centerville City School District</i>						
Career and Technical Education - Basic Grants to States	84.048	20C1-2004			114	
		20C1-2005			4,550	
		20C1-2006			21,180	
		20C1-2007			78,909	
		20C1-2008	84,115		25,747	
Total Career and Technical Education - Basic Grants to States			<u>84,115</u>		<u>130,500</u>	
Total United States Department of Education			<u>2,888,118</u>		<u>2,838,455</u>	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Montgomery County ESC</i> Medical Assistance Program	93.778	N/A	15,648			
<i>Passed Through Montgomery County</i> Medical Assistange Program		N/A	113,158			
Total Medical Assistance Program			<u>128,806</u>			
Total United States Department of Health and Human Services			<u>128,806</u>			
Total Federal Assistance			<u>\$4,060,435</u>	<u>\$341,588</u>	<u>\$3,881,966</u>	<u>\$341,588</u>

The notes to this schedule are an integral part of this schedule.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE E – TRANSFERABILITY

\$10,103 was transferred from CFDA 84.367 to CFDA 84.010 from the 2007 grant during fiscal year 2008. \$40,282 was transferred from CFDA 84.367 to CFDA 84.298 from the 2008 grant during fiscal year 2008.

The District and the Ohio Department of Education (with some limitations) may transfer funds from one or more applicable programs to one or more other applicable programs, or to Title I, Part A. Transferred funds are subject to all of the requirements, set asides, and limitations of the programs into which they are transferred.

NOTE F – MEDICAL ASSISTANCE PROGRAM

The District received \$128,806 in Medical Assistance Program funds for expenditures made in prior years.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2008-001 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated December 12, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 12, 2008.

We intend this report solely for the information and use of the management, Board of Education and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 12, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

Compliance

We have audited the compliance of Kettering City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Kettering City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008. In a separate letter to the District's management dated December 12, 2008, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Federal Awards Receipts and Expenditures

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Kettering City School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 12, 2008. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 12, 2008

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Food Donation: CFDA #10.550 Title I Grants to Local Educational Agencies: CFDA #84.010 Special Education Cluster: Special Education Grants to States: CFDA#84.027 Special Education Preschool Grants: CFDA#84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2008-001

Material Weakness - Budgetary Amendments and Certificate of Estimated Resources

The District did not consistently update its accounting records throughout the year to reflect approved estimated resources and appropriations which limited the reliability of budgetary reports generated by the system and resulted in errors on the Budgetary Financial Statements. Up to date and accurate budgetary information is necessary to make informed budgetary decisions.

The following are errors that were noted during the testing of the Budget to Actual Statements as a result of the accounting system not being updated:

- a. Original budgeted estimated revenues for the General Fund were overstated by \$928,296.
- b. Final budgeted expenditures for the General Fund were overstated by \$1,009,059.
- c. Final budgeted revenues for the Bond Retirement Fund were overstated by \$838,539.
- d. Final budgeted expenditures for the Bond Retirement Fund were overstated by \$300,000.
- e. Final budgeted revenues for Food Service Fund were understated by \$130,800.
- f. Final budgeted revenues for the Uniform Schools Supplies Fund were overstated by \$135,119.
- g. Final budgeted revenues for the Rotary Special Services Fund were overstated by \$46,481.
- h. Final budgeted revenues for the Special Enterprise Fund were overstated by \$161,690.
- i. Final budgeted expenditures for the Title II Fund were overstated by \$41,459.
- j. Final budgeted expenditures for the Title I fund were overstated by \$54,068

Other smaller variances were also noted. An audit adjustment was required to correctly present the final budgeted revenues for the Bond Retirement Fund. All other variances noted above were determined to be more than inconsequential; however, did not require adjustment.

The accounting records should be timely updated for all budgetary amendments to provide accurate information to monitor the District's financial activity throughout the year and for accurate presentation on the financial statements. Accurate Budgetary Financial Statements can be a very useful part of management's decision making, can serve as a tool to analyze the District's operations and fiscal performance, and reflect activity for potential users of the Comprehensive Annual Financial Report (CAFR).

Official's Response:

We did not receive a response from Officials to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

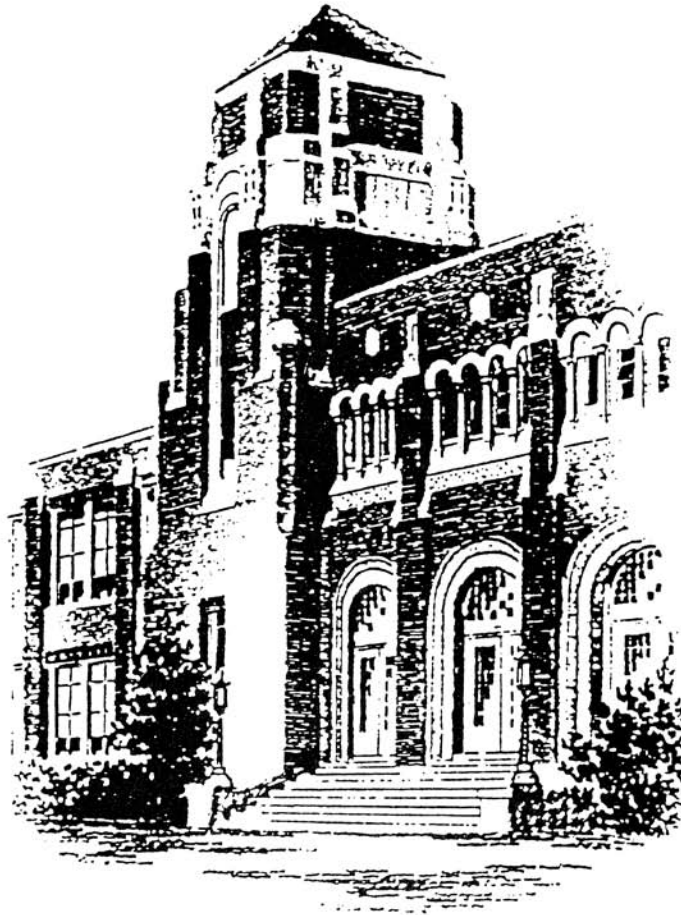
**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Posting budgetary amendments and certificate of estimated resources to the system.	No	Repeated as finding number 2008-001
2007-002	Office of Management and Budget (OMB) Circular A-133 Subpart C, Section .310(b) – accuracy of schedule of expenditures of federal awards	Yes	
2007-003	31 CFR Part 205 – Variance between amounts reported on project cash requests and District's system	Yes	

KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008



KETTERING CITY SCHOOL DISTRICT

Montgomery County, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

Prepared by:
Mr. Steven G. Clark
Treasurer

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

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KETTERING CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION





Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

Treasurer's Office: phone (937) 499-1409

fax (937)-499-1467

December 12, 2008

TO THE CITIZENS AND BOARD OF EDUCATION OF THE KETTERING CITY SCHOOL DISTRICT:

We are pleased to present the fourteenth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2008. This report was prepared by the Treasurer's Office, and includes the unqualified opinion of our independent auditors, The Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

The MD&A provides a narrative introduction, overview and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Accountant's Report.

Copies of this report will be widely distributed throughout the District. A copy will be sent to all school buildings, the Chamber of Commerce, major taxpayers, the Public Library, Moody's and Standard and Poor's financial rating services, banks, and any other interested parties.

This report includes all funds of the District. The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of co-curricular and extra curricular activities; adult and community education offerings; special education programs and facilities and community recreation facilities.

In addition to providing these general activities, the District receives pass-thru State funds, which are distributed to private and parochial schools located within the District boundaries. The private school served by the Kettering City School District is Alexandria Montessori. The parochial schools served by the Kettering City School District are St. Albert Elementary School, St. Charles Elementary School, Ascension Elementary School and Alter High School. While these organizations share operational and service similarity with the District, each are separate and distinct entities. Because of their independent nature, none of these organizations' financial statements are included in this report. The District has no component units.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

HISTORY AND BACKGROUND

The 2007 school year marked the 165th year of existence for the Van Buren/Kettering City School District. Van Buren Township was established on June 26, 1841, through separation from Dayton. The township was at first divided into small one-room district schools (#1, #6, #9, #10, #11 and #12) and later into Carrmonte, Pasadena and Fairmont elementary districts. Oakwood and Belmont were originally part of Van Buren Township. Oakwood formed its own district in 1926. Later, the Belmont area was annexed to Dayton.

Kettering City, the third largest public school district in the greater Dayton metropolitan area, lies south of Dayton and Oakwood, north of Centerville/Washington Township and west of Greene County. The City of Kettering and part of the City of Moraine fall under the jurisdiction of the school district.

Three names have been associated with the current Kettering City School District; Van Buren, Kettering and Moraine.

Van Buren Township was named for President Martin Van Buren. In 1803, Montgomery County was created, and four townships were formed. Dayton Township included the area now known as Kettering. Van Buren Township separated from Dayton in 1841 and remained a separate township with its own schools until 1952, when residents voted to become the Village of Kettering.

In 1954, Dayton proposed annexing the Delco facilities. The earlier annexation of Belmont did not sit well with Van Buren Township. Not wanting further erosion of the township, Van Buren countered, applied for, and was granted exempted village status, the last time such status was given in Ohio. Then Superintendent Dwight L. Barnes and Assistant Superintendent J. E. Prass spearheaded this move. The exempted village status precluded the proposed Delco annexation by Dayton and secured the area for Van Buren/Kettering.

A special census conducted in 1954-55 verified that the township had more than 10,000 residents, and in 1955, the township became the City of Kettering.

The City of Kettering and hence the Kettering City School District were named in honor of Charles F. Kettering, the noted inventor of the automobile self-starter and holder of more than 150 patents. Together with Edward A. Deeds, Mr. Kettering formed a partnership in 1909, known as the "Barn Gang" since they, and other engineers, worked in Deeds' barn. The partnership developed into the Dayton Engineering Laboratories Company (DELCO), with Deeds as President and Kettering as Vice-President. In 1916, DELCO was sold to General Motors. During World War I, Deeds and Kettering organized the Dayton Wright Airplane Company and invented "The Bug" a remote-controlled, unmanned aircraft. The war ended before "The Bug" could be used. Charles F. Kettering's other accomplishments included work with leaded gasoline, freon refrigeration, diesel locomotion, and quick-drying car paint.

Kettering was a very civic-minded man, directing both his efforts and funds into the Sloan-Kettering Institute for Cancer Research, the Kettering Foundation, which works to strengthen the public role in government, educational and science policy, and the Miami Conservancy District, instrumental in flood control.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

Moraine took its name from the pre-historic glacier, which deposited vast amounts of sand and gravel over the terrain. Because of concern over police and fire departments services, the west Moraine section voted to become a separate township in 1953. They became a village in 1957 and a city in 1965. Throughout this period, Moraine has retained its ties to the Kettering City School District.

The Kettering City School District currently has a population of about 64,399 and covers 21.3 square miles. The City of Moraine has 6,854 residents of whom approximately 1,371 reside within the Kettering City School District and encompasses 9.22 square miles of which approximately 2.9 are within the Kettering City School District.

The official opening enrollment of the District 7,427 (approximately 153 from Moraine) enrolled in nine elementary school, two middle schools and one high school during the 2007-08 school year. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program.

On September 15, 1998 the Kettering City School District Board of Education passed a resolution to change the name of the school district from the Kettering-Moraine City School District to the Kettering City School District effective July 1, 1998.

ORGANIZATION OF THE DISTRICT

The Board of Education of the Kettering City School District is a five member body politic and corporate, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars and approves the annual appropriation resolution and tax budget.

The Board members on June 30, 2008 were as follows:

George Bayless
Julie A. Gilmore
Frank C. Maus
Lori Simms
James S. Trent

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all operations. Dr. Robert A. Mengerink was appointed as Superintendent effective August 1, 1998.

The Treasurer/CFO is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, and investing idle funds as specified by Ohio law. Steven G. Clark was appointed Treasurer effective January 3, 2000.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

ECONOMIC CONDITION AND OUTLOOK

Economic Condition and Outlook (Kettering)

The economic environment for Kettering's business community continued to be one of relative stability during 2008. One significant contributing factor to this stability is the diversity of the employment base in Kettering.

According to the City of Kettering, one significant contributing factor to this stability is the diversity of the employment base in Kettering. The business base ranges from some major employers headquartered in Kettering to many midsize companies specializing in technology or professional services down to smaller family owned businesses. The city's largest employers include Kettering Medical Center (KMC), GE Consumer Finance and Reynolds & Reynolds. KMC employs 3,100 and is planning another expansion in 2008. Reynolds & Reynolds, a fortune 1000 company based in Dayton since 1866, was purchased by Universal Computer Company (UCS) and merged into the Reynolds & Reynolds Company during 2006. As the merger proceeded, a number of employees opted to leave the company. 2007 was a year of transition and realignment for Reynolds & Reynolds. The employment trends are reversing as the newly merged company initiated a hiring process to refill positions. The company now employs 1,076, which is not far below its pre-merger employment level of 1,200. After announcing plans in 2005 to expand the Kettering operations, G E Money completed interior renovations at their Kettering Business Park (KBP) location. The company moved an additional 536 jobs to KBP and now employs about 1,700 at this location. In addition, MeadWestvaco announced plans to move additional employees into their new location in the MCSi building at the Kettering Corporate Center. After some interior renovations the company now employs 238 at the site. Other major employers in the city include Limited Brands Inc., a catalogue order center for Victoria's Secret, Kodak Versamark a manufacturer of digital printers, and a number of engineering firms and computer hardware and software related businesses.

Economic Condition and Outlook (Moraine)

According to City of Moraine, contributions from several businesses, coupled with the diligence of the City's proactive and business-friendly City Council, assisted the city with retention of nearly five hundred seventy-five jobs, once all investments are completed in 2007. DMAX announces capital investment of over \$56 million and celebrates the production of its 1 millionth engine.

General Motors has reduced its work force at the truck plant in 2007 and even more during the first half of 2008. This has negatively affected the cash flow in the City of Moraine.

A Tax Increment Financing (TIF) Incentive District encompassing the proposed Oak Point development on Lamme Road was established by the City. The creation of this TIF Incentive District provides funding to proceed with the development of a single-family residential subdivision. During 2007, the City had seen the first house go up in Oak Point and a few more during 2008, according to City of Moraine.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

EMPLOYEE RELATIONS

The Board employs 906 full-time equivalent (FTE) employees (including non-teaching personnel). Of the Board's current employees, 577 (FTE) are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree. The starting salary for a teacher with bachelor's degree for the period beginning August 1, 2007 was \$33,439. The maximum teacher salary in 2007-2008 for a doctorate degree was \$85,604 with 28 years longevity.

556 of the Board's certificated teachers and educational specialists are members of the Kettering Education Association ("KEA") which is a labor organization affiliated with the Ohio Education Association. The present contract between the Board and the Association became effective July 1, 2006 and expires May 31, 2009.

231 of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The previous contract between the Board and OAPSE became effective August 1, 2006 and expires July 31, 2009.

These agreements marked a continuation of the historical turn in labor relations between the District, KEA, and OAPSE. The collaborative interest-based bargaining approach that involves the exchange of ideas, concerns and mutual problem solving to improve the instruction of students and to address the needs of the District in a cooperative manner was used and resulted in a third consecutive 4-year negotiated agreement with both employee bargaining groups.

MAJOR INITIATIVES

For the Year...and the future...

Kettering's nine elementary schools and two middle schools provide our students with an excellent educational foundation as they matriculate to Fairmont, the District's only high school. With its nearly 2,400 students, Fairmont is Kettering's flagship school and is consistently rated "Excellent" by the Ohio Department of Education, through its annual "State Report Card" accountability system.

"There is something for everyone at Fairmont. Our teachers work very hard to make sure we are meeting the needs of every student who comes through our doors, whether that is the student who needs some extra tutoring or the student who is taking college-level classes while here at Fairmont," says Dr. Schoenlein, principal at Fairmont High School.

Kettering Fairmont High School added several Advanced Placement courses to the curriculum, beginning with the 2007-08 school year. We also noted that the high school staff was, at the time nearing the completion of a nearly three-year approval process to be named an International Baccalaureate World School. With the finalization of that approval process in the spring of 2007 and the addition of even more Advanced Placement courses to the curriculum, Fairmont High School launched its Advanced Studies Program for students for the 2008-09 school year.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2008

“Nationwide, there is a push for more rigors at the high school level, particularly in math and science, and this is fueled by intensifying international economic competition,” says Dr. Schoenlein, principal at Fairmont High School. “At the same time, families are shopping around for the best schools and are looking for nationally recognized trademarks of quality. To compete in this market, to get the best students, we must offer nationally recognized courses and programs.” At the high school level, this means a wide range of Advanced Placement (AP) courses and International Baccalaureate (IB) Diploma Program.

Advanced Studies

Through the Advanced Studies Program, Fairmont High School students have the option of choosing from tracts – the Advanced Placement (AP) tract or the International Baccalaureate (IB) diploma tract.

What is the Advanced Placement Program?

AP courses are taught at high schools across the United States and allow students to participate in college-level courses. Students could possibly earn college credit while still in high school. Secondary schools and colleges cooperate in this program to give students the opportunity to show mastery in college-level courses by taking the AP exam in May of each year.

What is the International Baccalaureate Diploma Program?

The IB Diploma Program is a rigorous, two-year comprehensive curriculum for students in grades 11 and 12 that seek to prepare students for post-secondary study through courses and instructional techniques that emphasize:

- Critical thinking
- Effective self-expression in presenting and defending one’s point of-view
- Application of knowledge, and
- An interdisciplinary approach with strong international focus.

Students’ complete course work in IB subjects, complete all internal assessments, which are scored by the teacher, and sit for external examinations, which are scored by International Baccalaureate assessors. To receive the IB Diploma, students must successfully take one course from each of six groups, three one-year courses at Standard Level (SL) and three two-year courses at Higher Level (HL). These courses are chosen from the six different groups.

FINANCIAL INFORMATION

The District’s accounting system is organized on a “fund” basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a cash basis system of accounting as prescribed by the Auditor of State. Cash basis of accounting differs from GAAP as promulgated by the Governmental Accounting Standards Board (GASB). GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Permanent Fund, and for full accrual basis of accounting for the Internal Service Fund and Agency Funds. The District began a conversion to GAAP for financial reporting with the 1992 fiscal year.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District.

The results of the District's single audit for the fiscal year ended June 30, 2008 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds, except agency funds, are included in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level for all funds of the District except the General Fund, which is at the object level. This District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss and boiler and machinery coverage are purchased from the Indiana Insurance Company through the Brower Insurance Agency, P.L.L. Employee health insurance is provided by Anthem Blue Cross, and dental insurance is provided by a self-insured plan administered by CoreSource, a third party administrator.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2008

Cash Management

The District's cash management program addresses the issues of safety, liquidity and yield while minimizing returns. The District utilizes the State Treasury Asset Reserve of Ohio (Star Ohio) program investment pool operated by the Treasurer of State, Richard Cordray, for ready cash and yield. Treasury Notes, Money Market Funds and Repurchase Agreements are utilized for both short and intermediate terms. Treasury notes and agency notes are utilized for longer term investments.

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor performed the audit for the fiscal year ended June 30, 2008. The auditor's report on the District's basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of the state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Kettering City School District has received a Certificate of Achievement for the last 13 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The Association of School Business Officials of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2007. This award certifies that a Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an extensive review of the report by an expert panel of certified public accountants and practicing school business officials.

KETTERING CITY SCHOOL DISTRICT

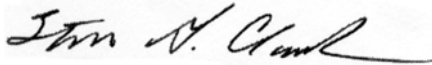
Letter of Transmittal For the Fiscal Year Ended June 30, 2008

A Certificate of Excellence is valid for a period of one year only. The Kettering City School District has received a Certificate of Excellence for the 13 consecutive years. We believe our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

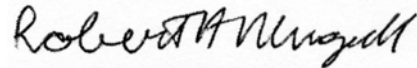
Acknowledgments

The preparation of publication of this fourteenth Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. Sincere appreciation is extended to Rosalinda G. Revels, Assistant Treasurer, for her exceptional individual effort and dedication to this achievement. A special thanks to Kenneth Lackey, and the Business Services staff; Student Services Director – William Lautar; Community Relations Coordinator – Kari Basson; Montgomery County Auditor's Office; Kettering City Finance Department; Moraine City Finance Department; and the State Auditor's Office for their special support. Also, special thanks to Schonhardt & Associates and staff for assistance in the preparation of this financial report.

Sincerely,



Mr. Steven G. Clark, CFO
Treasurer



Dr. Robert A. Mengerink, PhD.
Superintendent

KETTERING CITY SCHOOL DISTRICT

Principal Officials

For the Fiscal Year Ended June, 30, 2008

Elected Officials

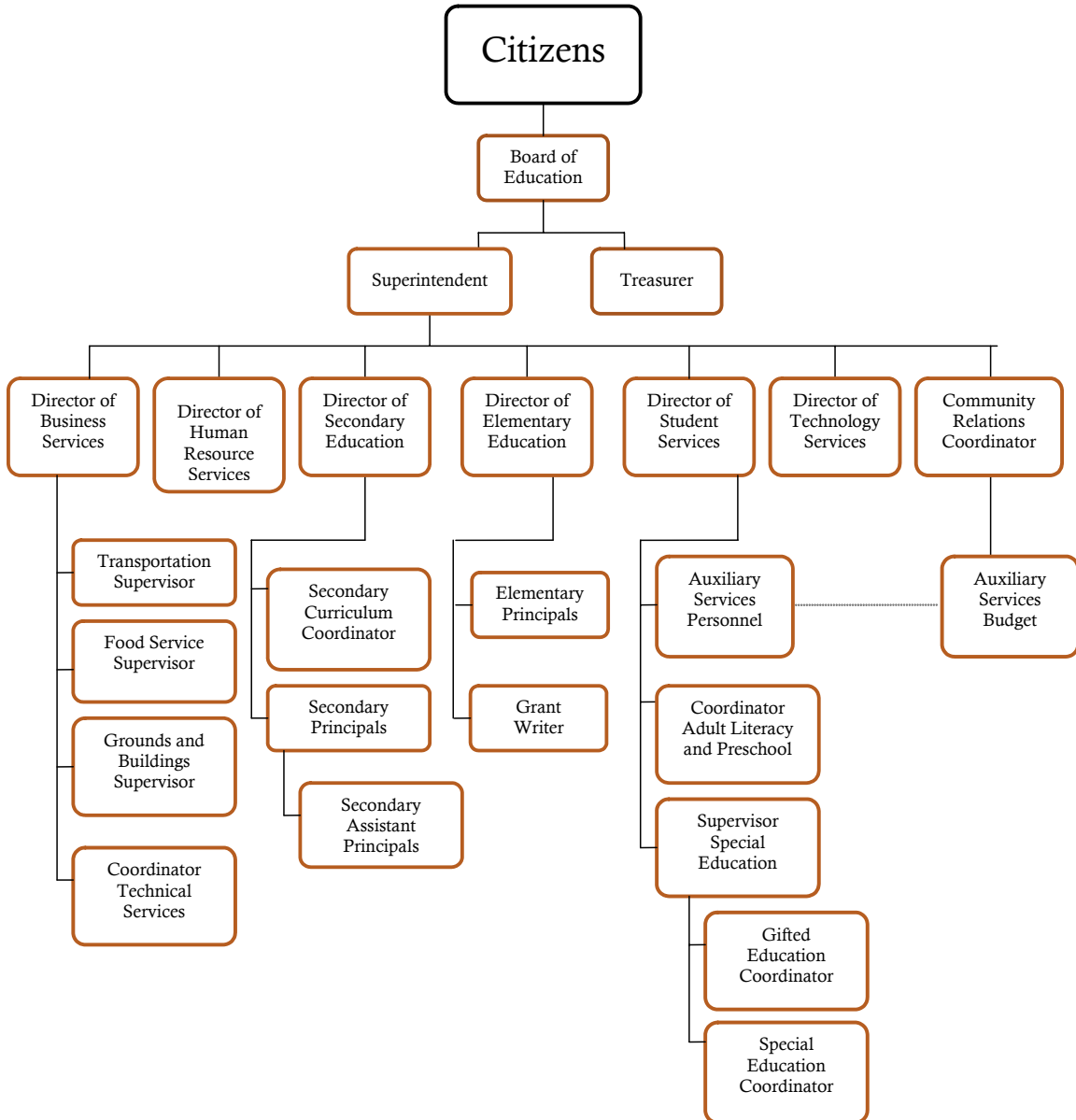
President – Board Of Education	....	Mr. James Trent
Vice President – Board Of Education	....	Ms. Lori Simms
Board Member	....	Mr. George Bayless
Board Member	....	Miss Julie Ann Gilmore
Board Member	....	Mr. Frank Maus

Administrative Officials

Superintendent	....	Dr. Robert A Mengerink
Treasurer	....	Mr. Steven G. Clark
Director – Student Services	....	Mr. William J. Lautar
Director – Human Resources	....	Dr. Kyle Ramey
Director – Business Services	....	Mr. Ken Lackey
Director – Technology Services	....	Ms. Debbie LeValley
Director – Secondary Curriculum and Instruction	....	Dr. James Schoenlein
Director – Elementary Curriculum and Instruction	....	Mr. Norm Knowlton

KETTERING CITY SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June, 30, 2008

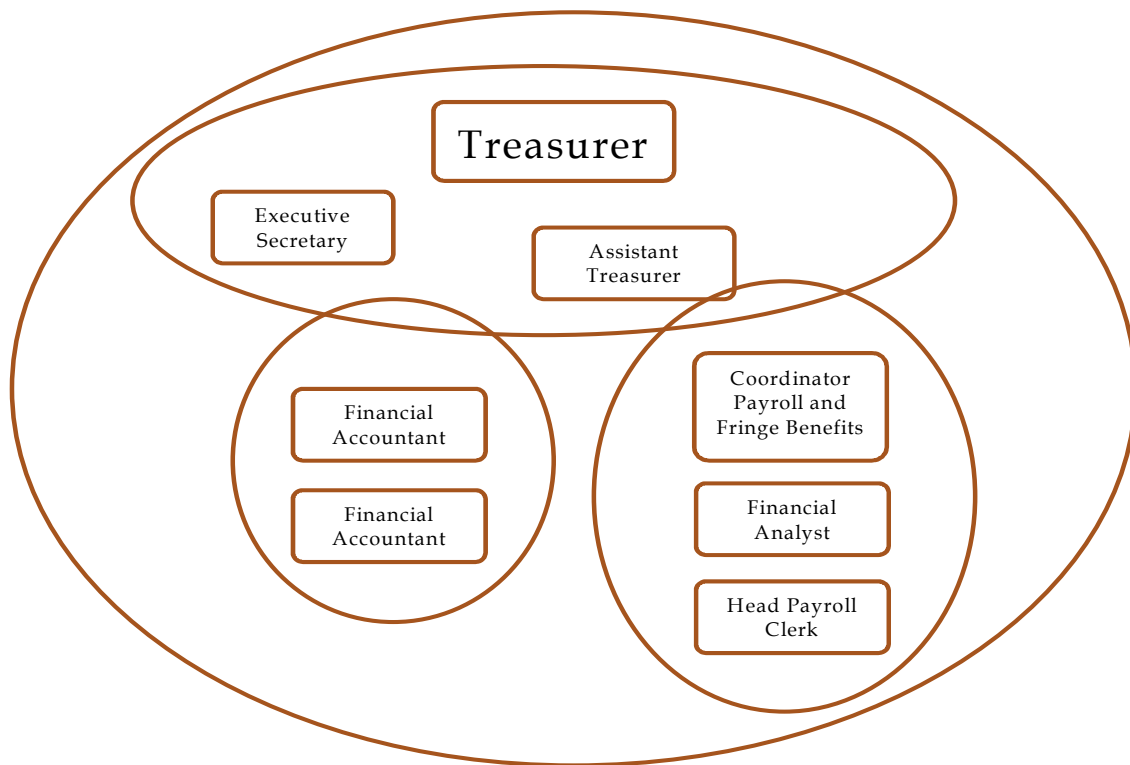


KETTERING CITY SCHOOL DISTRICT

*Office of the Treasurer
For the Fiscal Year Ended June 30, 2008*

Team Organization

Treasurer	....	Steven G. Clark
Assistant Treasurer	....	Rosalinda G. Revels
Coordinator – Payroll and Fringe Benefits	....	Jill E. Lopez
Financial Analyst	....	Paula L. Calderone
Executive Secretary	....	B. Diane Pence
Financial Accountant	....	Vicki McCloud
Financial Accountant	....	Robin Keogh
Head Payroll Clerk	....	Denise Lay



KETTERING CITY SCHOOL DISTRICT

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Kettering City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

KETTERING CITY SCHOOL DISTRICT

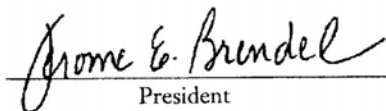
*Association of School Business Officials
Certificate of Excellence in Financial Reporting*

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

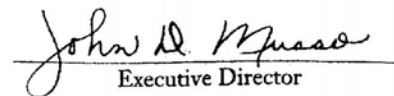


This Certificate of Excellence in Financial Reporting
is presented to
Kettering City School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2007
upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence Program



President



Executive Director

FINANCIAL SECTION





Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules, capital assets schedules, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules, and capital assets schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 12, 2008

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Unaudited

The discussion and analysis of Kettering City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2008 are as follows:

In total, net assets increased \$321,569, a 1.5% increase from 2007.

General revenues accounted for \$81,559,323 in revenue or 86.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,383,199 or 13.2% of total revenues of \$93,942,522.

The District had \$93,620,953 in expenses related to governmental activities; only \$12,383,199 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$81,559,323 were adequate to provide for these programs.

Among major funds, the General Fund had \$75,327,808 in revenues and \$76,570,935 in expenditures. The General Fund's fund balance decreased \$976,787, to \$8,386,014. Revenues increased from 2007 by 1% primarily due to an increase in intergovernmental revenues. Expenditures increased from 2007 by .9% primarily due to increases in salaries and wages. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements and schedules* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

- Governmental Activities – The District's programs and services are reported as governmental activities and include instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund – The District uses an internal service fund to report activities that provide services for the District's other programs and activities. The proprietary fund is reported in the same manner that all activities are reported in the Statement of Net Assets and the Statement of Activities.

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs and for employee benefit deposits listed as agency funds. All of the District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2008 compared to 2007.

	Governmental Activities		Increase (Decrease)
	2008	2007	
Current and other assets	\$78,896,640	\$79,719,530	(\$822,890)
Capital assets, Net	118,574,604	120,031,004	(1,456,400)
Total assets	197,471,244	199,750,534	(2,279,290)
Long-term debt outstanding	114,370,463	117,681,847	(3,311,384)
Other liabilities	61,121,521	60,410,996	710,525
Total liabilities	175,491,984	178,092,843	(2,600,859)
Net assets			
Invested in capital assets, net of related debt	14,042,346	11,380,187	2,662,159
Restricted	3,607,000	5,606,293	(1,999,293)
Unrestricted	4,329,914	4,671,211	(341,297)
Total net assets	\$21,979,260	\$21,657,691	\$321,569

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KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2008 and 2007:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$3,833,886	\$3,691,924	\$141,962
Operating Grants and Contributions	8,391,295	6,776,987	1,614,308
Capital Grants and Contributions	158,018	111,299	46,719
Total Program Revenues	<u>12,383,199</u>	<u>10,580,210</u>	<u>1,802,989</u>
General revenues:			
Taxes	58,323,623	60,149,130	(1,825,507)
Grants and Entitlements	21,120,885	18,921,497	2,199,388
Investment earnings	1,215,189	1,670,128	(454,939)
Miscellaneous	899,626	902,832	(3,206)
Total General Revenues	<u>81,559,323</u>	<u>81,643,587</u>	<u>(84,264)</u>
Total Revenues	<u>93,942,522</u>	<u>92,223,797</u>	<u>1,718,725</u>
Program Expenses			
Instruction:			
Regular	33,619,843	33,962,450	(342,607)
Special	7,840,416	7,999,070	(158,654)
Vocational	2,091,488	2,047,759	43,729
Adult/Continuing	37,255	34,254	3,001
Other Instruction	4,253,666	4,373,656	(119,990)
Support Services:			
Pupils	6,520,008	6,663,259	(143,251)
Instructional Staff	4,766,122	4,749,251	16,871
Board of Education	68,541	66,612	1,929
Administration	6,889,537	6,822,367	67,170
Fiscal Services	1,899,405	1,796,626	102,779
Business	612,826	595,008	17,818
Operation and Maintenance of Plant	8,595,610	7,812,668	782,942
Pupil Transportation	3,421,844	3,077,737	344,107
Central	1,723,029	1,733,260	(10,231)
Non-Instructional Services	4,774,211	4,797,572	(23,361)
Extracurricular Activities	1,862,353	1,733,777	128,576
Interest and Fiscal Charges	4,644,799	3,929,935	714,864
Total expenses	<u>93,620,953</u>	<u>92,195,261</u>	<u>1,425,692</u>
Change in Net Assets	321,569	28,536	293,033
Net Assets Beginning of Year	<u>21,657,691</u>	<u>21,629,155</u>	<u>28,536</u>
Net Assets End of Year	<u><u>\$21,979,260</u></u>	<u><u>\$21,657,691</u></u>	<u><u>\$321,569</u></u>

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

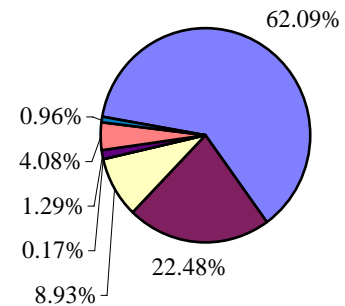
Governmental Activities

Net assets of the District's governmental activities increased by \$321,569. This was due to a combination of factors, the increase in intergovernmental and charges for services and sales.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. However, the assessed millage cannot be reduced below 20 mills, according to state statutes.

The District's reliance upon tax revenues is demonstrated by the following graph indicating 62.09% of total revenues from general tax revenues:

Revenue Sources	2008 Amount	Percent of Total
Taxes	\$ 58,323,623	62.09%
Grants and Entitlements	21,120,885	22.48%
Operating Grants and Contributions	8,391,295	8.93%
Capital Grants and Contributions	158,018	0.17%
Investment earnings	1,215,189	1.29%
Charges for Services and Sales	3,833,886	4.08%
Miscellaneous	899,626	0.96%
Total revenues	\$93,942,522	100.00%



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$13,817,595, which is less than last year's total of \$16,190,729. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Increase (Decrease)
General	\$8,386,014	\$9,362,801	(\$976,787)
Debt Service	3,297,658	4,557,437	(1,259,779)
Other Governmental	2,133,923	2,270,491	(136,568)
Total	\$13,817,595	\$16,190,729	(\$2,373,134)

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

Debt Service Fund – The District's Debt Service Fund balance decrease is due to lower tax revenue collections in 2008 coupled with increased debt service expenditures.

General Fund – The District's General Fund balance decrease is due to several factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2008 <u>Revenues</u>	2007 <u>Revenues</u>	Increase (Decrease)
Taxes	\$50,998,532	\$52,937,024	(\$1,938,492)
Tuition and Fees	356,931	339,649	17,282
Transportation	104,445	157,477	(53,032)
Interest	1,130,459	1,499,055	(368,596)
Intergovernmental	22,442,640	19,287,714	3,154,926
Extracurricular Activities	54,031	63,059	(9,028)
Classroom Materials and Fees	6,547	6,989	(442)
Miscellaneous	234,223	302,668	(68,445)
Total	<u><u>\$75,327,808</u></u>	<u><u>\$74,593,635</u></u>	<u><u>\$734,173</u></u>

General Fund revenues in 2008 increased approximately 1% compared to revenues in fiscal year 2007. The major factor contributing to this increase was the increase in intergovernmental revenues.

	2008 <u>Expenditures</u>	2007 <u>Expenditures</u>	Increase (Decrease)
Instruction:			
Regular	\$31,829,431	\$31,682,556	\$146,875
Special	6,359,863	6,227,513	132,350
Vocational	1,770,630	1,815,589	(44,959)
Other Instruction	4,253,666	4,373,656	(119,990)
Supporting Services:			
Pupils	5,354,468	5,388,798	(34,330)
Instructional Staff	4,006,515	4,081,094	(74,579)
Board of Education	68,541	66,612	1,929
Administration	6,087,826	5,919,884	167,942
Fiscal Services	1,790,983	1,687,177	103,806
Business	544,050	516,309	27,741
Operation & Maintenance of Plant	7,999,940	7,716,082	283,858
Pupil Transportation	2,970,623	2,757,789	212,834
Central	1,541,902	1,493,416	48,486
Non-Instructional Services	1,110	10,890	(9,780)
Extracurricular Activities	1,261,669	1,242,284	19,385
Facility Acquisition and Construction	315,037	676,475	(361,438)
Debt Service:			
Principal Retirement	354,395	187,365	167,030
Interest & Fiscal Charges	60,286	33,720	26,566
Total	<u><u>\$76,570,935</u></u>	<u><u>\$75,877,209</u></u>	<u><u>\$693,726</u></u>

KETTERING CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008***

Unaudited

The expenditures increased by \$693,726 or .9% over the prior year mostly due to salaries and wages increases which affect the increase in fringe benefits, as well. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program.

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2008, the District amended its General Fund four times, none significant.

For the General Fund, budget basis revenue of \$74.3 million was an increase from the original budget estimates of \$68.5 million. This was due to an increase in State Foundation money. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2008 the District had \$118,574,604 net of accumulated depreciation invested in land, buildings and improvements, furniture, vehicles and equipment. All capital assets are related to governmental activities. The following table shows fiscal year 2008 and 2007 balances:

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2008</u>	<u>2007</u>	
Land	\$466,616	\$466,616	\$0
Building and Improvements	136,196,566	136,196,566	0
Furniture, Vehicles and Equipment	7,192,979	7,422,874	(229,895)
Less: Accumulated Depreciation	<u>(25,281,557)</u>	<u>(24,055,052)</u>	<u>(1,226,505)</u>
Totals	<u>\$118,574,604</u>	<u>\$120,031,004</u>	<u>(\$1,456,400)</u>

The only activity within the current year took place in the furniture, vehicles and equipment category. Current year additions to vehicles were offset by disposals of a greater amount. Additional information can be found in Note 9.

As of June 30, 2008, the District has contractual commitments of \$115,838 for additional construction and renovation items related to its facilities. Additional information can be found in Note 17.

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Unaudited

Debt

At June 30, 2008, the District had \$104,506,953 in bonds outstanding, \$2,875,449 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Governmental Activities:		
General Obligation Bonds	\$104,506,953	\$107,968,082
Capital Leases Payable	1,573,354	1,646,041
Early Retirement Incentive	414,000	552,000
Compensated Absences	7,876,156	7,515,724
Totals	<u>\$114,370,463</u>	<u>\$117,681,847</u>

Under current state statutes, the District's combined voted and unvoted general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2008, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The District is financially sound, although not overly affluent. The District relies on its property taxes and State Foundation Funds to provide the funds necessary to maintain the educational programs.

A challenge facing the District is the future of state funding. On September 6, 2001, the Ohio Supreme Court issued its opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including a change in the school districts that are used as the basis for determining the base cost support amount and fully funding parity aid no later than the beginning of fiscal year 2004. In general, it is expected the decision would result in an increase in State funding; however, on November 2, 2001, the Court granted the state's motion for reconsideration. On December 11, 2002, the Court issued its latest opinion, reaffirming its earlier decisions that Ohio's current school funding plan is unconstitutional. The Ohio Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school funding scheme that is "thorough and efficient". As of the date of these financial statements, the District is unable to determine what effect, if any, the decision and the reconsideration will have on its future state funding and on its financial operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Steven G. Clark, Treasurer, 3750 Far Hills Avenue, Kettering, Ohio, 45429.

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets **June 30, 2008**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 6,704,563
Investments	14,960,472
Receivables:	
Taxes	55,728,028
Intergovernmental	249,345
Interest	105,877
Inventory of Supplies at Cost	250,444
Inventory Held for Resale	40,681
Restricted Assets:	
Cash and Cash Equivalents	12,801
Deferred Charges	844,429
Non-Depreciable Capital Assets	466,616
Depreciable Capital Assets, Net	118,107,988
Total Assets	197,471,244
Liabilities:	
Accounts Payable	1,495,374
Accrued Wages and Benefits	8,374,596
Intergovernmental Payable	1,839,696
Claims Payable	214,891
Unearned Revenue	48,784,201
Accrued Interest Payable	412,763
Long Term Liabilities:	
Due Within One Year	4,129,610
Due in More Than One Year	110,240,853
Total Liabilities	175,491,984
Net Assets:	
Invested in Capital Assets, Net of Related Debt	14,042,346
Restricted For:	
Capital Projects	621,820
Debt Service	2,524,780
Permanent Fund:	
Expendable	2,667
Nonexpendable	12,801
Other Purposes	444,932
Unrestricted	4,329,914
Total Net Assets	\$ 21,979,260

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2008

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenues and
		Services and	Grants and	and	Changes in
	Expenses	Sales	Contributions	Contributions	Net Assets
Governmental Activities:					Governmental
					Activities
Instruction:					
Regular	\$ 33,619,843	\$ 678,013	\$ 296,781	\$ 0	\$ (32,645,049)
Special	7,840,416	104,445	2,497,407	0	(5,238,564)
Vocational	2,091,488	0	294,615	0	(1,796,873)
Adult/Continuing	37,255	28,008	31,823	0	22,576
Other Instruction	4,253,666	0	0	0	(4,253,666)
Support Services:					
Pupils	6,520,008	0	601,674	0	(5,918,334)
Instructional Staff	4,766,122	674,654	479,462	0	(3,612,006)
Board of Education	68,541	0	0	0	(68,541)
Administration	6,889,537	46,140	254,747	0	(6,588,650)
Fiscal Services	1,899,405	0	0	0	(1,899,405)
Business	612,826	0	0	0	(612,826)
Operation and Maintenance of Plant	8,595,610	0	0	107,095	(8,488,515)
Pupil Transportation	3,421,844	0	1,070,470	0	(2,351,374)
Central	1,723,029	0	69,871	50,923	(1,602,235)
Non-Instructional Services	4,774,211	1,792,888	2,794,445	0	(186,878)
Extracurricular Activities	1,862,353	509,738	0	0	(1,352,615)
Interest and Fiscal Charges	4,644,799	0	0	0	(4,644,799)
Total Governmental Activities	\$ 93,620,953	\$ 3,833,886	\$ 8,391,295	\$ 158,018	(81,237,754)
General Revenues					
Property Taxes					58,323,623
Grants and Entitlements not Restricted to Specific Programs					21,120,885
Investment Earnings					1,215,189
Miscellaneous					899,626
Total General Revenues					81,559,323
Change in Net Assets					321,569
Net Assets Beginning of Year					21,657,691
Net Assets End of Year					\$ 21,979,260

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2008

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,968,112	\$ 532,479	\$ 2,928,955	\$ 6,429,546
Investments	12,678,601	2,281,871	0	14,960,472
Receivables:				
Taxes	49,994,859	5,137,704	595,465	55,728,028
Intergovernmental	0	0	249,345	249,345
Interest	101,879	0	3,998	105,877
Due from Other Funds	1,132	0	0	1,132
Interfund Loans Receivable	0	100,000	0	100,000
Inventory of Supplies at Cost	250,444	0	0	250,444
Inventory Held for Resale	0	0	40,681	40,681
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
Total Assets	\$ 65,995,027	\$ 8,052,054	\$ 3,831,245	\$ 77,878,326
Liabilities:				
Accounts Payable	\$ 1,300,669	\$ 0	\$ 194,705	\$ 1,495,374
Accrued Wages and Benefits	7,905,608	0	468,988	8,374,596
Intergovernmental Payable	1,706,182	0	133,514	1,839,696
Due to Other Funds	0	0	1,132	1,132
Interfund Loans Payable	0	0	100,000	100,000
Deferred Revenue	46,696,554	4,754,396	798,983	52,249,933
Total Liabilities	57,609,013	4,754,396	1,697,322	64,060,731
Fund Balances:				
Reserved for Encumbrances	549,508	0	625,093	1,174,601
Reserved for Supplies Inventory	250,444	0	40,681	291,125
Reserved for Property Taxes	3,324,499	383,308	42,517	3,750,324
Reserved for Endowments	0	0	12,801	12,801
Unreserved, Undesignated in:				
General Fund	4,261,563	0	0	4,261,563
Debt Service Fund	0	2,914,350	0	2,914,350
Special Revenue Funds	0	0	1,233,206	1,233,206
Capital Projects Funds	0	0	176,958	176,958
Permanent Fund	0	0	2,667	2,667
Total Fund Balances	8,386,014	3,297,658	2,133,923	13,817,595
Total Liabilities and Fund Balances	\$ 65,995,027	\$ 8,052,054	\$ 3,831,245	\$ 77,878,326

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2008

Total Governmental Fund Balances		\$ 13,817,595
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		118,574,604
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
	Taxes Receivable - accrual basis	3,193,503
	Interest Receivable - accrual basis	26,194
	Grants Receivable - accrual basis	246,035
	Total	3,465,732
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.		60,126
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
	Amounts Due Within One Year	(4,129,610)
	Amounts Due in More Than One Year	(110,240,853)
	Deferred Charges for Issuance Costs	844,429
	Accrued Interest on Long-Term Debt	(412,763)
	Total	(113,938,797)
<i>Net Assets of Governmental Activities</i>		<u>\$ 21,979,260</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2008

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 50,998,532	\$ 5,946,298	\$ 611,913	\$ 57,556,743
Tuition and Fees	356,931	0	256,330	613,261
Transportation	104,445	0	0	104,445
Interest	1,130,459	0	75,450	1,205,909
Sales	0	0	1,792,888	1,792,888
Intergovernmental	22,442,640	932,784	6,247,333	29,622,757
Extracurricular Activities	54,031	0	681,281	735,312
Classroom Materials and Fees	6,547	0	244,827	251,374
Miscellaneous	234,223	0	1,002,009	1,236,232
Total Revenue	75,327,808	6,879,082	10,912,031	93,118,921
Expenditures:				
Current:				
Regular	31,829,431	0	624,839	32,454,270
Special	6,359,863	0	1,415,537	7,775,400
Vocational	1,770,630	0	216,747	1,987,377
Adult/Continuing	0	0	37,255	37,255
Other Instruction	4,253,666	0	0	4,253,666
Supporting Services:				
Pupils	5,354,468	0	1,169,003	6,523,471
Instructional Staff	4,006,515	0	668,813	4,675,328
Board of Education	68,541	0	0	68,541
Administration	6,087,826	5,556	623,238	6,716,620
Fiscal Services	1,790,983	85,031	8,573	1,884,587
Business	544,050	0	24,446	568,496
Operation and Maintenance of Plant	7,999,940	0	276,791	8,276,731
Pupil Transportation	2,970,623	0	382,365	3,352,988
Central	1,541,902	0	125,470	1,667,372
Non-Instructional Services	1,110	0	4,831,346	4,832,456
Extracurricular Activities	1,261,669	0	414,818	1,676,487
Facility Acquisition and Construction	315,037	0	243,308	558,345
Debt Service:				
Principal Retirement	354,395	3,392,160	0	3,746,555
Interest and Fiscal Charges	60,286	4,656,114	0	4,716,400
Total Expenditures	76,570,935	8,138,861	11,062,549	95,772,345
Excess (Deficiency) of Revenues Over Expenditures	(1,243,127)	(1,259,779)	(150,518)	(2,653,424)

KETTERING CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Capital Lease Issued	281,708	0	0	281,708
Transfers In	0	0	13,500	13,500
Transfers Out	(13,500)	0	0	(13,500)
Total Other Financing Sources (Uses)	268,208	0	13,500	281,708
Net Change in Fund Balance	(974,919)	(1,259,779)	(137,018)	(2,371,716)
Fund Balances at Beginning of Year	9,362,801	4,557,437	2,270,491	16,190,729
Increase (Decrease) in Inventory Reserve	(1,868)	0	450	(1,418)
Fund Balances End of Year	\$ 8,386,014	\$ 3,297,658	\$ 2,133,923	\$ 13,817,595

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended June 30, 2008***

Net Change in Fund Balances - Total Governmental Funds \$ (2,371,716)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (1,356,931)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (99,469)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 823,601

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 3,464,847

In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due. 71,601

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (223,850)

The internal service fund is used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 13,486

Change in Net Assets of Governmental Activities \$ 321,569

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 47,820,828	\$ 50,844,758	\$ 50,587,011	\$ (257,747)
Tuition and Fees	350,000	350,000	356,931	6,931
Transportation	100,000	100,000	104,445	4,445
Interest	1,200,000	1,200,000	1,167,551	(32,449)
Intergovernmental	18,452,385	21,045,866	22,442,640	1,396,774
Extracurricular Activities	50,000	50,000	54,031	4,031
Classroom Material and Fees	0	0	6,547	6,547
Miscellaneous	500,000	690,000	191,354	(498,646)
Total Revenues	68,473,213	74,280,624	74,910,510	629,886
Expenditures:				
Current:				
Instruction:				
Regular	32,397,527	32,462,788	31,979,021	483,767
Special	6,269,843	6,264,175	6,307,247	(43,072)
Vocational	1,821,345	1,788,042	1,761,286	26,756
Other Instruction	4,454,259	5,173,135	5,105,657	67,478
Support Services:				
Pupils	5,469,653	5,477,137	5,369,058	108,079
Instructional Staff	4,040,872	4,060,749	3,993,429	67,320
Board of Education	75,325	70,113	75,141	(5,028)
Administration	6,358,877	6,362,976	6,099,754	263,222
Fiscal Services	2,171,970	2,168,649	1,788,587	380,062
Business	566,700	570,301	542,767	27,534
Operation and Maintenance of Plant	8,057,723	8,357,854	8,270,843	87,011
Pupil Transportation	2,750,393	2,885,701	3,032,689	(146,988)
Central	1,606,003	1,671,671	1,597,276	74,395
Non-Instructional Services	6,000	6,000	6,000	0
Extracurricular Activities	1,310,901	1,328,001	1,268,926	59,075
Facility Acquisition and Construction	29,900	35,006	31,784	3,222
Debt Service:				
Principal Retirement	191,078	353,166	353,165	1
Interest and Fiscal Charges	30,008	61,516	61,516	0
Total Expenditures	77,608,377	79,096,980	77,644,146	1,452,834
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,135,164)	(4,816,356)	(2,733,636)	2,082,720

KETTERING CITY SCHOOL DISTRICT

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	(13,500)	(13,500)	(13,500)	0
Refund of Prior Year's Expenditures	0	0	43,039	43,039
Refund of Prior Year's Receipts	(400)	(400)	(170)	230
Total Other Financing Sources (Uses):	<u>(13,900)</u>	<u>(13,900)</u>	<u>29,369</u>	<u>43,269</u>
Net Change in Fund Balance	(9,149,064)	(4,830,256)	(2,704,267)	2,125,989
Fund Balance at Beginning of Year	15,059,035	15,059,035	15,059,035	0
Prior Year Encumbrances	<u>1,488,602</u>	<u>1,488,602</u>	<u>1,488,602</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,398,573</u>	<u>\$ 11,717,381</u>	<u>\$ 13,843,370</u>	<u>\$ 2,125,989</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund
June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 275,017
Total Assets	<u>275,017</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	214,891
Total Liabilities	<u>214,891</u>
Net Assets:	
Unrestricted	60,126
Total Net Assets	<u>\$ 60,126</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2008***

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 885,216
Total Operating Revenues	<u>885,216</u>
Operating Expenses:	
Purchased Services	880,464
Total Operating Expenses	<u>880,464</u>
Operating Income	4,752
Nonoperating Revenue (Expenses):	
Interest	8,734
Total Nonoperating Revenues (Expenses)	<u>8,734</u>
Change in Net Assets	13,486
Net Assets Beginning of Year	<u>46,640</u>
Net Assets End of Year	<u><u>\$ 60,126</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$885,216
Cash Payments for Claims	<u>(879,135)</u>
Net Cash Provided by Operating Activities	<u>6,081</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	<u>8,734</u>
Net Cash Provided by Investing Activities	<u>8,734</u>
Net Increase in Cash and Cash Equivalents	14,815
Cash and Cash Equivalents at Beginning of Year	<u>260,202</u>
Cash and Cash Equivalents at End of Year	<u><u>\$275,017</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Income	\$4,752
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>1,329</u>
Total Adjustments	<u>1,329</u>
Net Cash Provided by Operating Activities	<u><u>\$6,081</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 193,889
Total Assets	<u>193,889</u>
Liabilities:	
Claims Payable	70,737
Due to Others	67,810
Due to Students	<u>55,342</u>
Total Liabilities	<u>\$ 193,889</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Kettering City School District (District) was originally chartered in 1841 by the Ohio State Legislature. In 1853 State laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 329 (FTE) classified personnel and 577 (FTE) certificated teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 36th largest in the State of Ohio (among 613 districts) and the third largest in Montgomery County. It currently operates 9 elementary schools, 2 middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*", in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, the District does not have any component units. The reporting entity of the District includes the following services: instructional (regular, special education, vocational, adult/continuing, other), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are grouped into the categories governmental, proprietary and fiduciary.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

General Fund - This fund is the general operating fund of the District and is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund - The proprietary fund is accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis. The Dental Insurance Fund accounts for the premiums and claims payments applicable to the employee dental plan.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District's agency funds account for various student-managed activity programs, deposits to be utilized for background checks and for the employee's cafeteria benefits plan. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the School District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Fiduciary funds are reported using the economic resources measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2008, and which are not intended to finance fiscal 2008 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2008 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, the proprietary fund and agency funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund level for all funds of the District except the General Fund which is at the object level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the final budgeted amount on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2008.

2. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level except for the general fund which is budgeted at the object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual" are provided on the financial statement basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

3. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
GAAP Basis (as reported)	(\$974,919)
Increase (Decrease):	
Accrued Revenues at June 30, 2008, received during FY 2009	(3,354,482)
Accrued Revenues at June 30, 2007, received during FY 2008	2,980,053
Accrued Expenditures at June 30, 2008, paid during FY 2009	10,912,459
Accrued Expenditures at June 30, 2007, paid during FY 2008	(10,417,201)
Encumbrances Outstanding	<u>(1,850,177)</u>
Budget Basis	<u><u>(\$2,704,267)</u></u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2008. Also, the District invested in repurchase agreements which are valued at cost, and U.S. Government securities which are stated at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 totaled \$1,130,459, which includes \$204,003 assigned from other District funds, and \$75,450 was credited to other governmental funds of the District.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

I. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

Contributed capital assets are recorded at fair market value at the date received. Infrastructure capital assets (e.g., driveways, fencing, retaining walls and other assets that are immovable and of value only to the District) are capitalized if the cost or estimated historical cost to purchase or construct equals or exceeds \$2,500. Governmental activities capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

All capital assets, other than land and construction in progress, are depreciated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings and Improvements	80
Furniture, Vehicles and Equipment	5-20

J. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Capital Leases	General Fund
Early Retirement Incentive	General Fund
Compensated Absences	General Fund, Food Services Fund, Auxiliary Services Fund, EESA Title VI-B Fund

K. Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as employees earn them if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The District includes in its liabilities any employee who has at least 20 years of service or an employee who has five years of service and is at least 60 years of age.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

Compensated absences accumulated by governmental fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include restricted state and federal grants.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Restricted Assets

Restricted assets in the permanent fund represent cash and cash equivalents restricted based upon applicable trust agreements. A fund balance reserve has also been established for this amount.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for endowments, property taxes, supplies inventory and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

Q. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are interfund charges for the internal service fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which depreciation exceeded capital outlays in the current period:

Capital Asset Additions	\$701,864
Depreciation Expense	(2,058,795)
	<u>(\$1,356,931)</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$766,880
Increase in Interest Receivable	9,280
Increase in Grants Receivable	47,441
	<u>\$823,601</u>

Net amount of long-term debt issuance and bond and lease principal payments:

Bond Principal Payment	\$3,392,160
Capital Lease Payment	354,395
Capital Lease Issuance	(281,708)
	<u>\$3,464,847</u>

Interest expense not reported in the funds:

Decrease in accrued interest on long term debt	\$3,858
Amortization of Deferred Charges	(\$36,714)
Amortization of Deferred Loss on Defeasance	(\$158,701)
Amortization of Bond Premium	263,158
	<u>\$71,601</u>

Expenses not reported in the funds:

Increase in compensated absences	(\$360,432)
Decrease in early retirement incentive	138,000
Decrease in supplies inventory	(1,418)
	<u>(\$223,850)</u>

KETTERING CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The following is a summary of deficit fund equities at June 30, 2008:

<u>Fund</u>	<u>Deficit Fund Equity</u>
Special Revenue Funds:	
Rotary Special Services Fund	\$26,153
Public School Preschool Fund	704
Title II Fund	6,262
Bilingual Education Fund	213
Even Start Program Fund	9,627
Title I Fund	32,197
Preschool Grant Fund	1,086

The deficits arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Other deficits also existed under the budgetary/cash basis of accounting. The General Fund often provides operating transfers when cash is required, not when accruals occur.

B. Excess of Expenditures Plus Encumbrances Over Final Appropriations

For the fiscal year ended June 30, 2008, expenditures plus encumbrances exceeded appropriations in the General Fund at the Other Expenditures object level by \$5,916. Expenditures plus encumbrances exceeded the appropriations in the Pathfinder/Preschool Fund by \$1,806.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was (\$396,243) and the bank balance was \$326,791. The Federal Deposit Insurance Corporation (FDIC) covered \$291,865 of the bank balance and \$34,926 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$34,926</u>
Total Balance	<u><u>\$34,926</u></u>

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2008 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Repurchase Agreements	\$3,380,330	N/A	\$3,380,330	\$0	\$0
STAR Ohio	3,240,503	AAAm ¹	3,240,503	0	0
US Treasury Money Market	35,726	AAm ¹ , Aaa ²	35,726	0	0
Fifth Third Govt. Securities					
Money Market	686,663	AAm ¹ , Aaa ²	686,663	0	0
FHLB	6,392,856	AAA ¹ , Aaa ²	2,562,901	1,838,695	1,991,260
FNMA	2,302,890	AAA ¹ , Aaa ²	0	1,296,010	1,006,880
FFCB	999,060	AAA ¹ , Aaa ²	0	999,060	0
FHMC	2,987,410	AAA ¹ , Aaa ²	0	1,982,210	1,005,200
FHLMA	2,242,530	AAA ¹ , Aaa ²	897,090	1,345,440	0
Total Investments	<u>\$22,267,968</u>		<u>\$10,803,213</u>	<u>\$7,461,415</u>	<u>\$4,003,340</u>

¹ Standard & Poor's

² Moody's Investor Service

Interest Rate Risk – The District's investment policy mitigates interest rate risk by following Ohio Revised Code, which generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The District follows the Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any district to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which school districts are legally allowed to participate in.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 15.2% are repurchase agreements, 14.6% are STAR Ohio, .2% are US Treasury Money Market, 28.7% are FHLB, 10.3% are FNMA, 4.5% are FFCB and 10.1% are FHLMA, 3% are Fifth Third Government Securities Money Market and 13.4% are FHLMC.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. The District has no formal policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash & Cash Equivalents/ Deposits *	Investments
Per GASB Statement No. 9	\$6,911,253	\$14,960,472
Fifth Third Govt. Securities	(686,663)	686,663
Repurchase Agreements	(3,380,330)	3,380,330
STAR Ohio	(3,240,503)	3,240,503
Per GASB Statement No. 3	<u>(\$396,243)</u>	<u>\$22,267,968</u>

* - Includes restricted cash

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2005, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 5 - PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008 was \$3,324,499 in the general fund, \$383,308 in the debt service fund, and \$42,517 in the permanent improvement capital projects fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections	2008 First Half Collections
Agricultural/Residential and Other Real Estate	\$1,275,658,100	\$1,284,465,470
Public Utility Personal	66,290,158	61,379,830
Tangible Personal Property	61,403,477	50,549,093
Total Assessed Value	<u>\$1,403,351,735</u>	<u>\$1,396,394,393</u>
Tax rate per \$1,000 of assessed valuation	\$67.80	\$71.30

NOTE 6 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, interest receivable and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2008:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$13,500
Other Governmental Funds	13,500	0
Total All Funds	<u>\$13,500</u>	<u>\$13,500</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2008:

Fund	Interfund Loans Receivable	Interfund Loans Payable
Bond Retirement Fund	\$100,000	\$0
Other Governmental Funds	0	100,000
Totals	<u>\$100,000</u>	<u>\$100,000</u>

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$1,132	\$0
Other Governmental Funds	0	1,132
Totals	<u>\$1,132</u>	<u>\$1,132</u>

The Interfund Loan is a short-term loan arising from timing differences. Due to/from other funds represent normal balances between funds that occur due to timing differences.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2008:

Historical Cost:

Class	June 30, 2007	Additions	Deletions	June 30, 2008
Capital assets not being depreciated:				
Land	\$466,616	\$0	\$0	\$466,616
Capital assets being depreciated:				
Buildings and Improvements	136,196,566	0	0	136,196,566
Furniture, Vehicles and Equipment	7,422,874	701,864	(931,759)	7,192,979
Total Cost	<u>\$144,086,056</u>	<u>\$701,864</u>	<u>(\$931,759)</u>	<u>\$143,856,161</u>
Accumulated Depreciation:				
Class	June 30, 2007	Additions	Deletions	June 30, 2008
Buildings and Improvements	(\$20,579,832)	(\$1,702,457)	\$0	(\$22,282,289)
Furniture, Vehicles and Equipment	(3,475,220)	(356,338)	832,290	(2,999,268)
Total Depreciation	<u>(\$24,055,052)</u>	<u>(\$2,058,795) *</u>	<u>\$832,290</u>	<u>(\$25,281,557)</u>
Net Value:	<u>\$120,031,004</u>			<u>\$118,574,604</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,078,136
Special	54,882
Vocational	68,647
Support Services:	
Pupils	9,580
Instructional Staff	76,661
Administration	169,539
Fiscal	9,221
Business	11,700
Operations & Maintenance of Plant	76,675
Pupil Transportation	191,840
Central	36,554
Other Noninstructional Services	92,502
Extracurricular Activities	182,858
Total Depreciation Expense	<u>\$2,058,795</u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employees Retirement System of Ohio

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under About SERS.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$1,064,649, \$1,260,579 and \$1,232,806 respectively; 45% has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$5,087,314, \$5,171,049, and \$6,414,031 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 & 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$86,995 made by the District and \$128,433 made by the plan members.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$737,343, \$564,212, and \$436,971 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$77,515, \$76,500, and \$75,498 respectively; which were equal to the required contributions for each year.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$391,332, \$397,773, and \$493,387 respectively; which were equal to the required contributions for each year.

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KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2008 is as follows:

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008	Amount Due Within One Year
2003 School Improvement	\$22,335,000	\$0	(\$1,700,000)	\$20,635,000	\$1,735,000
2004 School Improvement	2,365,000	0	(175,000)	2,190,000	335,000
2005 School Improvement Refunding	11,639,989	0	(540,000)	11,099,989	560,000
2006 School Improvement Refunding	9,639,994	0	0	9,639,994	35,000
2007 School Improvement Refunding	57,359,996	0	(740,000)	56,619,996	30,000
1998 Energy Conservation	165,000	0	(165,000)	0	0
2002 Energy Conservation	805,910	0	(72,160)	733,750	75,992
Sub-Total General Obligation Bonds	104,310,889	0	(3,392,160)	100,918,729	2,770,992
Interest Accretion	82,163	35,488	0	117,651	0
Deferred Loss on Defeasance	(2,404,589)	0	158,701	(2,245,888)	(158,701)
Premium General Obligation Bonds	5,979,619	0	(263,158)	5,716,461	263,158
Total General Obligation Bonds	107,968,082	35,488	(3,496,617)	104,506,953	2,875,449
Capital Leases Payable	1,646,041	281,708	(354,395)	1,573,354	457,511
Early Retirement Incentive	552,000	0	(138,000)	414,000	138,000
Compensated Absences	7,515,724	7,876,156	(7,515,724)	7,876,156	658,650
Total Governmental Long-Term Debt	<u>\$117,681,847</u>	<u>\$8,193,352</u>	<u>(\$11,504,736)</u>	<u>\$114,370,463</u>	<u>\$4,129,610</u>

2003 School Improvement Bond

Purpose: Finance new construction and renovations at each of the District's 12 schools.
 Original Issue Amount: \$87,400,000
 Issue Date: 2003
 Payment Dates: June 1 and December 1
 Interest Rate: 2.3% at June 30, 2008; rate changes to 3% in 2010, 3.15% in 2011
 3.3% in 2012, 3.5% in 2014 and 5% from 2015 - 2030
 Maturity Date: 2030

2004 School Improvement Bond

Purpose: Finance new construction and renovations at each of the District's 12 schools.
 Original Issue Amount: \$15,000,000
 Issue Date: 2004
 Payment Dates: June 1 and December 1
 Interest Rate: 2.75% at June 30, 2008; rate changes to 3% in 2010, 3.5% in 2011, 3.75% in 2012,
 4% from 2013-2015
 Maturity Date: 2015

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

2005 School Improvement Refunding Bond

Purpose:	To advance refund 2003 School Improvement Bond
Original Issue Amount:	\$12,149,989
Issue Date:	2005
Payment Dates:	June 1 and December 1
Interest Rate:	2.5% at June 30, 2008; rate changes to 3% in 2010, 3.25% in 2011, 3.5% in 2012, and 5% from 2015 - 2022
Maturity Date:	2022

2006 School Improvement Refunding Bond

Purpose:	To partially refund 2003 School Improvement Bond
Original Issue Amount:	\$9,639,994
Issue Date:	2007
Payment Dates:	June 1 and December 1
Interest Rate:	4% at June 30, 2008; rate changes to 4.05% in 2016 and 4.375% in 2018,
Maturity Date:	2031

2007 School Improvement Refunding Bond

Purpose:	To partially refund portions of the 2003 & 2004 School Improvement Bonds
Original Issue Amount:	\$57,359,996
Issue Date:	2008
Payment Dates:	June 1 and December 1
Interest Rate:	4.0% at June 30, 2008; rate changes to 4.05% in 2015, 4% in 2016, 5% in 2017, 4.75% in 2019, 4.25% in 2024 and 5.25% from 2027 - 2032
Maturity Date:	2032

1998 Energy Conservation Bond

Purpose:	Provide funds for energy efficient lighting, energy management systems and new boilers.
Original Issue Amount:	\$1,622,500
Issue Date:	1998
Payment Dates:	June 1 and December 1
Interest Rate:	4.85% during 2008
Maturity Date:	2008

2002 Energy Conservation Bond

Purpose:	Finance renovations that will significantly reduce energy consumption at the District's facilities.
Original Issue Amount:	\$1,200,000
Issue Date:	2002
Payment Dates:	December 1
Interest Rate:	5.31%
Maturity Date:	2015

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2008, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2009	\$2,770,992	\$4,411,371	\$7,182,363
2010	3,055,027	4,325,218	7,380,245
2011	3,164,276	4,253,197	7,417,473
2012	2,998,741	4,129,476	7,128,217
2013	3,538,464	4,024,294	7,562,758
2014-2018	18,781,229	18,785,970	37,567,199
2019-2023	23,785,000	12,914,744	36,699,744
2024-2028	24,150,000	7,440,402	31,590,402
2029-2032	18,675,000	1,458,688	20,133,688
Totals	<u>\$100,918,729</u>	<u>\$61,743,360</u>	<u>\$162,662,089</u>

B. Defeased Debt

In November 2006, the District partially refunded \$9,640,000 of General Obligation Bonds for School Improvement Series 2003, dated March 27, 2003, through the issuance of \$9,639,994 of General Obligation Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$9,640,000 at June 30, 2008, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In March 2007, the District partially refunded \$45,960,000 of General Obligation Bonds for School Improvement Series 2003, dated March 27, 2003, and partially refunded \$11,400,000 of General Obligation Bonds for School Improvement Series 2004, dated April 29, 2004, through the issuance of \$57,359,996 of General Obligation Bonds. The net proceeds of the 2007 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have outstanding balances of \$45,960,000 and \$11,400,000, respectively, at June 30, 2008, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

C. Early Retirement Incentive

During 2006, the Board of Education offered an early retirement incentive to those individuals that met the following criteria:

- a) The employee must be currently eligible for service retirement in accordance with rules of the State Teachers Retirement System (STRS).
- b) The employee must be under contract and a member of the bargaining unit and must have completed a minimum of ten years of service with the Board.
- c) The employee must actually retire and receive benefits from STRS no later than August 1, 2006.
- d) The employee must not already be receiving retirement benefits from the STRS.

If all of the conditions were met the District would establish a Health Reimbursement Arrangement (HRA) on behalf of the employees and their spouses. Each qualifying employee will receive a tax sheltered HRA totaling \$30,000 to be paid in equal annual installments beginning on or around August 15th for a period of 5 years. 23 employees took advantage of the Board's offer.

NOTE 13 - CAPITAL LEASE COMMITMENTS

The District is party to five leases, two for school buses, one for a telephone system and two technology leases (computer equipment) that meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The costs of the leased assets are accounted for in the Governmental Activities Capital Assets and the related liabilities in the Governmental Activities Long-Term Liabilities. The original costs of the assets under capital lease are \$481,648 for the school buses, \$653,538 for the phone system, and \$1,155,270 for the technology equipment. The leased assets are recorded as furniture, vehicles and equipment within the Capital Asset Footnote.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2008:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2009	\$512,813
2010	508,783
2011	504,461
2012	<u>177,476</u>
Minimum Lease Payments	1,703,533
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(130,179)</u>
Present value of minimum lease payments	<u><u>\$1,573,354</u></u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2008, the District contracted with Indiana Insurance Company through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Indiana Insurance Company through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

The District's vehicles are insured under a policy by Indiana Insurance Company through Brower Insurance Agency which carries a \$500 deductible and a \$1,000,000 combined single limit on any accident.

The District has earthquake (\$5,000,000 limit) and flood (\$1,000,000 limit) insurance with Indiana Insurance Company through Brower Insurance Agency.

The District has a \$10,000,000 limit umbrella policy with \$10,000 self insured with Indiana Insurance Company through Bower Insurance Agency.

Settlement of claims have not exceeded insurance coverage during the last three years. Also, there have been no significant reductions in insurance coverage during the fiscal year.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides life insurance and accidental death and dismemberment insurance to most employees through Prudential Life Insurance Company. The District has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield's Community Choice Plan.

The District has a Section 125 Plan for employee liabilities arising in connection with the Employee Benefits Self-Insurance Program. This program is also accounted for as an Agency Fund. The District records liabilities for the Employee Self-Insurance Fund for incurred but not reported claims, which represent employee out-of-pocket expenses processed but not paid.

The District is self-insured for employee dental care benefits. The program is administered by CoreSource, which provides claims review and processing services. The self-insurance program is accounted for as an Internal Service Fund.

Changes in the fund's claims liability amount in 2008 and 2007 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2007	\$211,502	\$865,115	(\$863,055)	\$213,562
2008	213,562	880,464	(879,135)	214,891

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2008

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2008, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2007	(\$1,981,000)	\$0
Carryover Balance from Prior Year	(1,981,000)	0
Current Year Set-Aside Requirement	1,157,582	1,157,582
Current Year Offset Credits	0	(612,606)
Qualifying Disbursements	<u>(1,174,665)</u>	<u>(1,202,544)</u>
Totals	<u>(\$1,998,083)</u>	<u>(\$657,568)</u>
Qualifying Carryover Amounts to FY 2009	<u>(\$1,998,083)</u>	<u>(\$104,000,000)</u>

Qualifying carryover amount to fiscal year 2009 cannot exceed (\$104,000,000) for capital acquisition set-aside. The \$104,000,000 represents the debt issuances from fiscal years 1998 and 2003.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2008.

KETTERING CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 17 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of June 30, 2008, the District had \$115,838 in contractual commitments outstanding related to the renovations taking place at the District's school buildings.

<u>Vendor</u>	<u>Remaining Contractual Commitment</u>
A.W. Farrell and Son, Inc.	\$115,838

KETTERING CITY SCHOOL DISTRICT

C*OMBINING AND ***INDIVIDUAL ***F***UND
STATEMENTS AND ***S***CHEDULES**

THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS.

KETTERING CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Food Services Fund

This fund accounts for the financial transactions related to the food service operations of the School District.

Special Trust Fund

A fund used to account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

Uniform School Supplies Fund

This fund accounts for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school.

Rotary Special Services Fund

A fund provided to account for income and expenses made in connection with goods and services provided by the School District.

Public School Support Fund

To support the various needs of the school such as supplies and equipment for use in the school; for support and recognition of school activities as deemed appropriate by the building principal.

Pathfinder/Preschool Fund

To account for receipts and expenditures in conjunction with preschool activities.

Special Enterprise Fund

To account for the financial transactions related to the child care program called "morning and afternoon supervision program".

Athletic Fund

This fund is a combination of subject matters and experiences usually not provided in a regular class, designed for pupils who wish to pursue satisfying individual/group interest and study in specific aspects of the subject matter provided in a regular classroom.

Auxiliary Services Fund

This fund accounts for funds which provide services and materials to pupils attending non-public schools within the School District.

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Education Management Information System Fund

Accounts for state monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

Public School Preschool Fund

To account for programs for early childhood education for disadvantaged four and five year olds.

Data Communications Fund

A fund used to account for monies received for the maintenance of the Ohio Educational Computer Network connections.

District Professional Development Fund

To account for the District's professional development.

OhioReads Fund

Grants received at the building level to support the building coordinators for Ohio Reads.

Alternative Fund

To account for the District's alternative education challenge grant.

Poverty Based Assistance Fund

To account for monies received as part of the state foundation system to be appropriated for poverty based assistance. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Other State Funds Fund

To account for State monies to provide the need for support and education of parents of children with disabilities, and to provide the opportunity for parents to participate in regularly scheduled support groups. To provide for the use of the productivity improvement challenge program to expand, enhance and upgrade career programming for students in southern Montgomery County school district.

Adult Basic Education Fund

This fund accounts for federal monies used to provide programs in reading, writing and math competency for adults that do not have a high school diploma.

Title II Fund

Provided for strengthening instruction in science, mathematics, modern foreign languages, English, the arts and computer learning.

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Education for Economic Security Act (EESA Title VI-B) Fund

This federal program assists schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full education opportunities to handicapped children at the preschool, elementary and secondary levels.

Carl D. Perkins Fund

Provision of funds to boards of education, teacher training institutions, and the state administering agency for cooperating in development of vocational education programs in the following categories: post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, research, advisory committees, and work-study projects, including sex equity grants. Funds are administered by the Ohio Department of Education, Division of Vocational and Career Education.

Bilingual Education Fund

Provision of funds to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Even Start Program Fund

To improve the educational opportunities of children and adults by integrating early childhood education into a unified, family-centered program to help parents become full partners in their children's education and to assist children in reaching their full potential as learners.

Title I Fund

Accounts for federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Title VI Innovation Fund

To account for federal revenues which support the implementation of computer education programs, gifted and talented programs, in-service training and staff development.

Drug Free School Grant Fund

Accounts for federal revenues which support the implementation of programs for drug abuse education and prevention.

Preschool Grant Fund

A fund provided to account for the District's preschool grant activities.

Other Federal Programs Fund

To account for the activities of systemic grant, classroom reduction grant, America reads, and school to work program.

KETTERING CITY SCHOOL DISTRICT

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Permanent Improvement Fund

A fund provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Building Fund

A fund to account for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Replacement Fund

A fund provided to account for monies used in the rebuilding, restoration or improvement of property which has been totally or partially destroyed due to any cause.

SchoolNet Plus Fund

A fund provided to account for additional funding targeted for the acquisition of computer workstations in grades K-4. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the District's programs.

Permanent Fund

A fund used to account for money, securities, or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact.

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,269,406	\$ 656,910	\$ 2,639	\$ 2,928,955
Receivables:				
Taxes	0	595,465	0	595,465
Intergovernmental	249,345	0	0	249,345
Interest	2,376	1,594	28	3,998
Inventory Held for Resale	40,681	0	0	40,681
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
Total Assets	\$ 2,561,808	\$ 1,253,969	\$ 15,468	\$ 3,831,245
Liabilities:				
Accounts Payable	\$ 115,504	\$ 79,201	\$ 0	\$ 194,705
Accrued Wages and Benefits	468,988	0	0	468,988
Intergovernmental Payable	133,514	0	0	133,514
Due to Other Funds	1,132	0	0	1,132
Interfund Loans Payable	100,000	0	0	100,000
Deferred Revenue	246,035	552,948	0	798,983
Total Liabilities	1,065,173	632,149	0	1,697,322
Fund Balances:				
Reserved for Encumbrances	222,748	402,345	0	625,093
Reserved for Supplies Inventory	40,681	0	0	40,681
Reserved for Property Taxes	0	42,517	0	42,517
Reserved for Endowments	0	0	12,801	12,801
Unreserved, Undesignated in:				
Special Revenue Funds	1,233,206	0	0	1,233,206
Capital Projects Funds	0	176,958	0	176,958
Permanent Fund	0	0	2,667	2,667
Total Fund Balances	1,496,635	621,820	15,468	2,133,923
Total Liabilities and Fund Balances	\$ 2,561,808	\$ 1,253,969	\$ 15,468	\$ 3,831,245

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 611,913	\$ 0	\$ 611,913
Tuition and Fees	256,330	0	0	256,330
Interest	55,366	19,482	602	75,450
Sales	1,792,888	0	0	1,792,888
Intergovernmental	6,089,315	158,018	0	6,247,333
Extracurricular Activities	681,281	0	0	681,281
Classroom Materials and Fees	244,827	0	0	244,827
Miscellaneous	709,106	292,903	0	1,002,009
Total Revenue	9,829,113	1,082,316	602	10,912,031
Expenditures:				
Current:				
Regular	536,525	88,314	0	624,839
Special	1,415,537	0	0	1,415,537
Vocational	213,829	2,918	0	216,747
Adult/Continuing	37,255	0	0	37,255
Supporting Services:				
Pupils	1,078,755	90,248	0	1,169,003
Instructional Staff	668,813	0	0	668,813
Administration	622,632	606	0	623,238
Fiscal Services	0	8,573	0	8,573
Business	24,446	0	0	24,446
Operation and Maintenance of Plant	54,279	222,512	0	276,791
Pupil Transportation	293	382,072	0	382,365
Central	58,323	67,147	0	125,470
Non-Instructional Services	4,831,346	0	0	4,831,346
Extracurricular Activities	414,818	0	0	414,818
Facility Acquisition and Construction	0	243,308	0	243,308
Total Expenditures	9,956,851	1,105,698	0	11,062,549
Excess (Deficiency) of Revenues Over Expenditures	(127,738)	(23,382)	602	(150,518)
Other Financing Sources (Uses):				
Transfers In	13,500	0	0	13,500
Total Other Financing Sources (Uses)	13,500	0	0	13,500
Net Change in Fund Balance	(114,238)	(23,382)	602	(137,018)
Fund Balances at Beginning of Year	1,610,423	645,202	14,866	2,270,491
Increase in Inventory Reserve	450	0	0	450
Fund Balances End of Year	\$ 1,496,635	\$ 621,820	\$ 15,468	\$ 2,133,923

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008***

	Food Services	Special Trust	Uniform School Supplies	Rotary Special Services	Public School Support
Assets:					
Cash and Cash Equivalents	\$ 831,514	\$ 74,906	\$ 52,671	\$ 76,586	\$ 238,171
Receivables:					
Intergovernmental	0	0	0	0	0
Interest	825	91	0	0	730
Inventory Held for Resale	40,681	0	0	0	0
Total Assets	\$ 873,020	\$ 74,997	\$ 52,671	\$ 76,586	\$ 238,901
Liabilities:					
Accounts Payable	\$ 7,213	\$ 29	\$ 118	\$ 2,739	\$ 16,897
Accrued Wages and Benefits	127,013	0	0	0	0
Intergovernmental Payable	61,736	0	0	0	0
Due to Other Funds	0	0	0	0	0
Interfund Loans Payable	0	0	0	100,000	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	195,962	29	118	102,739	16,897
Fund Balances:					
Reserved for Encumbrances	53,491	249	29,106	0	9,378
Reserved for Supplies Inventory	40,681	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	582,886	74,719	23,447	(26,153)	212,626
Total Fund Balances (Deficit)	677,058	74,968	52,553	(26,153)	222,004
Total Liabilities and Fund Balances	\$ 873,020	\$ 74,997	\$ 52,671	\$ 76,586	\$ 238,901

KETTERING CITY SCHOOL DISTRICT

Pathfinder/ Preschool	Special Enterprise	Athletic	Auxiliary Services	Education Management Information System	Public School Preschool
\$ 96,865	\$ 160,873	\$ 155,621	\$ 227,666	\$ 8,859	\$ 18,389
0	0	0	0	0	0
0	0	0	730	0	0
0	0	0	0	0	0
<u>\$ 96,865</u>	<u>\$ 160,873</u>	<u>\$ 155,621</u>	<u>\$ 228,396</u>	<u>\$ 8,859</u>	<u>\$ 18,389</u>
\$ 0	\$ 10,396	\$ 8,909	\$ 36,347	\$ 4,144	\$ 6,305
8,636	31,153	0	121,708	0	9,835
2,755	12,908	0	15,669	0	2,953
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>11,391</u>	<u>54,457</u>	<u>8,909</u>	<u>173,724</u>	<u>4,144</u>	<u>19,093</u>
7,666	4,007	732	32,492	4,715	270
0	0	0	0	0	0
<u>77,808</u>	<u>102,409</u>	<u>145,980</u>	<u>22,180</u>	<u>0</u>	<u>(974)</u>
<u>85,474</u>	<u>106,416</u>	<u>146,712</u>	<u>54,672</u>	<u>4,715</u>	<u>(704)</u>
<u>\$ 96,865</u>	<u>\$ 160,873</u>	<u>\$ 155,621</u>	<u>\$ 228,396</u>	<u>\$ 8,859</u>	<u>\$ 18,389</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008***

	Data Communications	District Professional Development	OhioReads	Alternative	Other State Funds
Assets:					
Cash and Cash Equivalents	\$ 1,021	\$ 107	\$ 6,283	\$ 411	\$ 20,049
Receivables:					
Intergovernmental	0	0	0	0	0
Interest	0	0	0	0	0
Inventory Held for Resale	0	0	0	0	0
Total Assets	\$ 1,021	\$ 107	\$ 6,283	\$ 411	\$ 20,049
Liabilities:					
Accounts Payable	\$ 745	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	745	0	0	0	0
Fund Balances:					
Reserved for Encumbrances	276	100	0	63	0
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	0	7	6,283	348	20,049
Total Fund Balances (Deficit)	276	107	6,283	411	20,049
Total Liabilities and Fund Balances	\$ 1,021	\$ 107	\$ 6,283	\$ 411	\$ 20,049

KETTERING CITY SCHOOL DISTRICT

Adult Basic Education	Title II	EESA Title VI-B	Carl D. Perkins	Bilingual Education	Even Start Program
\$ 8,486	\$ 5,763	\$ 160,306	\$ 63,060	\$ 471	\$ 10,091
2,840	89,265	0	0	5,828	36,350
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 11,326</u>	<u>\$ 95,028</u>	<u>\$ 160,306</u>	<u>\$ 63,060</u>	<u>\$ 6,299</u>	<u>\$ 46,441</u>
\$ 0	\$ 12,025	\$ 1,936	\$ 1,054	\$ 250	\$ 978
7,035	0	89,934	1,000	0	14,637
1,214	0	19,405	160	434	4,103
0	0	0	0	0	0
0	0	0	0	0	0
2,840	89,265	0	0	5,828	36,350
<u>11,089</u>	<u>101,290</u>	<u>111,275</u>	<u>2,214</u>	<u>6,512</u>	<u>56,068</u>
1,003	31,898	14,311	380	4,345	475
0	0	0	0	0	0
(766)	(38,160)	34,720	60,466	(4,558)	(10,102)
237	(6,262)	49,031	60,846	(213)	(9,627)
<u>\$ 11,326</u>	<u>\$ 95,028</u>	<u>\$ 160,306</u>	<u>\$ 63,060</u>	<u>\$ 6,299</u>	<u>\$ 46,441</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Title I	Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs
Assets:					
Cash and Cash Equivalents	\$ 38,017	\$ 8,952	\$ 0	\$ 3,414	\$ 854
Receivables:					
Intergovernmental	102,585	0	8,425	4,052	0
Interest	0	0	0	0	0
Inventory Held for Resale	0	0	0	0	0
Total Assets	\$ 140,602	\$ 8,952	\$ 8,425	\$ 7,466	\$ 854
Liabilities:					
Accounts Payable	\$ 0	\$ 798	\$ 121	\$ 4,500	\$ 0
Accrued Wages and Benefits	58,037	0	0	0	0
Intergovernmental Payable	12,177	0	0	0	0
Due to Other Funds	0	0	1,132	0	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	102,585	0	5,115	4,052	0
Total Liabilities	172,799	798	6,368	8,552	0
Fund Balances:					
Reserved for Encumbrances	990	24,710	0	2,091	0
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	(33,187)	(16,556)	2,057	(3,177)	854
Total Fund Balances (Deficit)	(32,197)	8,154	2,057	(1,086)	854
Total Liabilities and Fund Balances	\$ 140,602	\$ 8,952	\$ 8,425	\$ 7,466	\$ 854

KETTERING CITY SCHOOL DISTRICT

Total Nonmajor
Special
Revenue Funds

\$ 2,269,406

249,345

2,376

40,681

\$ 2,561,808

\$ 115,504

468,988

133,514

1,132

100,000

246,035

1,065,173

222,748

40,681

1,233,206

1,496,635

\$ 2,561,808

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2008

	Food Services	Special Trust	Uniform School Supplies	Rotary Special Services	Public School Support
Revenues:					
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	22,001	2,123	0	0	15,223
Sales	1,792,888	0	0	0	0
Intergovernmental	1,396,242	0	0	0	0
Extracurricular Activities	0	14,946	0	10,512	235,478
Classroom Materials and Fees	0	0	199,881	0	44,946
Miscellaneous	2,223	5,910	0	28,008	106,200
Total Revenue	3,213,354	22,979	199,881	38,520	401,847
Expenditures:					
Current:					
Instruction:					
Regular	0	0	244,844	0	78,487
Special	0	0	0	0	0
Vocational	0	0	17,028	74,949	0
Adult/Continuing	0	0	0	0	0
Supporting Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	20,873	0	0	5,658
Administration	0	0	0	0	322,085
Business	24,446	0	0	0	0
Operation and Maintenance of Plant	25,700	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Non-Instructional Services	3,128,095	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	3,178,241	20,873	261,872	74,949	406,230
Excess (Deficiency) of Revenues					
Over Expenditures	35,113	2,106	(61,991)	(36,429)	(4,383)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	35,113	2,106	(61,991)	(36,429)	(4,383)
Fund Balances at Beginning of Year	641,495	72,862	114,544	10,276	226,387
Increase in Inventory Reserve	450	0	0	0	0
Fund Balances End of Year	\$ 677,058	\$ 74,968	\$ 52,553	\$ (26,153)	\$ 222,004

KETTERING CITY SCHOOL DISTRICT

Pathfinder/ Preschool	Special Enterprise	Athletic	Auxiliary Services	Education Management Information System	Public School Preschool
\$ 256,330	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	16,019	0	0
0	0	0	0	0	0
34,948	0	0	1,271,095	25,806	244,361
0	3,372	416,973	0	0	0
0	0	0	0	0	0
63,524	484,938	18,303	0	0	0
<u>354,802</u>	<u>488,310</u>	<u>435,276</u>	<u>1,287,114</u>	<u>25,806</u>	<u>244,361</u>
27,864	0	0	0	0	86,436
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
72,625	346,690	0	0	0	83,191
159,445	2,810	0	0	0	48,554
42,027	0	0	0	0	26,307
0	0	0	0	0	0
1,023	21,830	5,726	0	0	0
0	0	0	0	0	0
486	0	0	0	21,091	0
0	36,143	0	1,545,096	0	0
0	0	414,818	0	0	0
<u>303,470</u>	<u>407,473</u>	<u>420,544</u>	<u>1,545,096</u>	<u>21,091</u>	<u>244,488</u>
51,332	80,837	14,732	(257,982)	4,715	(127)
0	0	13,500	0	0	0
0	0	13,500	0	0	0
51,332	80,837	28,232	(257,982)	4,715	(127)
34,142	25,579	118,480	312,654	0	(577)
0	0	0	0	0	0
<u>\$ 85,474</u>	<u>\$ 106,416</u>	<u>\$ 146,712</u>	<u>\$ 54,672</u>	<u>\$ 4,715</u>	<u>\$ (704)</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2008

	Data Communications	District Professional Development	OhioReads	Alternative
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Sales	0	0	0	0
Intergovernmental	36,000	2,970	0	27,782
Extracurricular Activities	0	0	0	0
Classroom Materials and Fees	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenue	36,000	2,970	0	27,782
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	18,078
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Supporting Services:				
Pupils	0	0	0	4,072
Instructional Staff	0	2,863	0	3,200
Administration	0	0	0	500
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	36,746	0	0	0
Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Expenditures	36,746	2,863	0	25,850
Excess (Deficiency) of Revenues				
Over Expenditures	(746)	107	0	1,932
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(746)	107	0	1,932
Fund Balances at Beginning of Year	1,022	0	6,283	(1,521)
Increase in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 276	\$ 107	\$ 6,283	\$ 411

KETTERING CITY SCHOOL DISTRICT

Poverty Based Assistance	Other State Funds	Adult Basic Education	Title II	EESA Title VI-B	Carl D. Perkins	Bilingual Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
101,142	57,544	96,026	133,735	1,838,281	84,116	14,775
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>101,142</u>	<u>57,544</u>	<u>96,026</u>	<u>133,735</u>	<u>1,838,281</u>	<u>84,116</u>	<u>14,775</u>
0	7,217	0	0	0	0	13,382
0	0	0	0	1,077,541	0	434
0	0	0	0	0	121,852	0
0	0	37,255	0	0	0	0
0	39,260	48,696	0	332,095	0	2,674
101,142	19,503	41	137,950	57,099	0	895
0	0	4,531	0	187,486	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	713	117,696	0	0
0	0	0	0	0	0	0
<u>101,142</u>	<u>65,980</u>	<u>90,523</u>	<u>138,663</u>	<u>1,771,917</u>	<u>121,852</u>	<u>17,385</u>
0	(8,436)	5,503	(4,928)	66,364	(37,736)	(2,610)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	(8,436)	5,503	(4,928)	66,364	(37,736)	(2,610)
0	28,485	(5,266)	(1,334)	(17,333)	98,582	2,397
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 20,049</u>	<u>\$ 237</u>	<u>\$ (6,262)</u>	<u>\$ 49,031</u>	<u>\$ 60,846</u>	<u>\$ (213)</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2008

	Even Start Program	Title I	Title VI Innovation	Drug Free School Grant	Preschool Grant
Revenues:					
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0	0
Sales	0	0	0	0	0
Intergovernmental	176,476	447,940	64,658	17,369	11,433
Extracurricular Activities	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenue	176,476	447,940	64,658	17,369	11,433
Expenditures:					
Current:					
Instruction:					
Regular	0	0	54,126	2,926	0
Special	52,911	275,439	0	0	9,212
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Supporting Services:					
Pupils	31,649	110,717	0	7,086	0
Instructional Staff	55,283	47,514	0	3,960	0
Administration	39,696	0	0	0	0
Business	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	293	0	0	0	0
Central	0	0	0	0	0
Non-Instructional Services	0	0	1,923	944	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	179,832	433,670	56,049	14,916	9,212
Excess (Deficiency) of Revenues					
Over Expenditures	(3,356)	14,270	8,609	2,453	2,221
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(3,356)	14,270	8,609	2,453	2,221
Fund Balances at Beginning of Year	(6,271)	(46,467)	(455)	(396)	(3,307)
Increase in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ (9,627)	\$ (32,197)	\$ 8,154	\$ 2,057	\$ (1,086)

KETTERING CITY SCHOOL DISTRICT

<u>Other Federal Programs</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 256,330
0	55,366
0	1,792,888
6,616	6,089,315
0	681,281
0	244,827
0	709,106
6,616	9,829,113
3,165	536,525
0	1,415,537
0	213,829
0	37,255
0	1,078,755
2,023	668,813
0	622,632
0	24,446
0	54,279
0	293
0	58,323
736	4,831,346
0	414,818
5,924	9,956,851
692	(127,738)
0	13,500
0	13,500
692	(114,238)
162	1,610,423
0	450
\$ 854	\$ 1,496,635

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 614,474	\$ 1,335	\$ 41,101	\$ 656,910
Receivables:				
Taxes	595,465	0	0	595,465
Interest	1,518	0	76	1,594
Total Assets	<u>\$ 1,211,457</u>	<u>\$ 1,335</u>	<u>\$ 41,177</u>	<u>\$ 1,253,969</u>
Liabilities:				
Accounts Payable	\$ 79,201	\$ 0	\$ 0	\$ 79,201
Deferred Revenue	552,948	0	0	552,948
Total Liabilities	<u>632,149</u>	<u>0</u>	<u>0</u>	<u>632,149</u>
Fund Balances:				
Reserved for Encumbrances	402,345	0	0	402,345
Reserved for Property Taxes	42,517	0	0	42,517
Unreserved, Undesignated in:				
Capital Projects Funds	134,446	1,335	41,177	176,958
Total Fund Balances	<u>579,308</u>	<u>1,335</u>	<u>41,177</u>	<u>621,820</u>
Total Liabilities and Fund Balances	<u>\$ 1,211,457</u>	<u>\$ 1,335</u>	<u>\$ 41,177</u>	<u>\$ 1,253,969</u>

KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008**

	Permanent Improvement	Building	Replacement	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Revenues:					
Taxes	\$ 611,913	\$ 0	\$ 0	\$ 0	\$ 611,913
Interest	17,697	0	1,785	0	19,482
Intergovernmental	107,095	0	0	50,923	158,018
Miscellaneous	287,231	0	5,672	0	292,903
Total Revenue	1,023,936	0	7,457	50,923	1,082,316
Expenditures:					
Current:					
Instruction:					
Regular	80,610	0	7,704	0	88,314
Vocational	2,918	0	0	0	2,918
Supporting Services:					
Pupils	90,248	0	0	0	90,248
Administration	606	0	0	0	606
Fiscal Services	8,573	0	0	0	8,573
Operation and Maintenance of Plant	222,512	0	0	0	222,512
Pupil Transportation	382,072	0	0	0	382,072
Central	15,853	0	0	51,294	67,147
Facility Acquisition and Construction	151,896	91,412	0	0	243,308
Total Expenditures	955,288	91,412	7,704	51,294	1,105,698
Excess (Deficiency) of Revenues Over Expenditures	68,648	(91,412)	(247)	(371)	(23,382)
Fund Balances at Beginning of Year	510,660	92,747	41,424	371	645,202
Fund Balances End of Year	\$ 579,308	\$ 1,335	\$ 41,177	\$ 0	\$ 621,820

KETTERING CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Fiscal Year Ended June 30, 2008**

GENERAL FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 47,820,828	\$ 50,844,758	\$ 50,587,011	\$ (257,747)
Tuition and Fees	350,000	350,000	356,931	6,931
Transportation	100,000	100,000	104,445	4,445
Interest	1,200,000	1,200,000	1,167,551	(32,449)
Intergovernmental	18,452,385	21,045,866	22,442,640	1,396,774
Extracurricular Activities	50,000	50,000	54,031	4,031
Classroom Materials and Fees	0	0	6,547	6,547
Miscellaneous	500,000	690,000	191,354	(498,646)
Total Revenues	<u>68,473,213</u>	<u>74,280,624</u>	<u>74,910,510</u>	<u>629,886</u>
Expenditures:				
Current:				
Salaries and Wages	47,704,988	47,568,864	47,180,317	388,547
Fringe Benefits	16,399,533	16,399,534	15,872,554	526,980
Purchased Services	9,553,449	10,621,088	10,301,558	319,530
Supplies and Materials	2,303,038	2,614,379	2,393,824	220,555
Other Expenditures	1,068,560	1,070,785	1,076,701	(5,916)
Capital Outlay - New	250,000	299,925	296,788	3,137
Capital Outlay - Replacement	107,723	107,723	107,723	0
Debt Service:				
Principal Retirement	191,078	353,166	353,165	1
Interest and Fiscal Charges	30,008	61,516	61,516	0
Total Expenditures	<u>77,608,377</u>	<u>79,096,980</u>	<u>77,644,146</u>	<u>1,452,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,135,164)	(4,816,356)	(2,733,636)	2,082,720
Other Financing Sources (Uses):				
Transfers Out	(13,500)	(13,500)	(13,500)	0
Refund of Prior Year's Expenditures	0	0	43,039	43,039
Refund of Prior Year's Receipts	(400)	(400)	(170)	230
Total Other Financing Sources (Uses)	<u>(13,900)</u>	<u>(13,900)</u>	<u>29,369</u>	<u>43,269</u>
Net Change in Fund Balance	(9,149,064)	(4,830,256)	(2,704,267)	2,125,989
Fund Balance at Beginning of Year	15,059,035	15,059,035	15,059,035	0
Prior Year Encumbrances	1,488,602	1,488,602	1,488,602	0
Fund Balance at End of Year	<u>\$ 7,398,573</u>	<u>\$ 11,717,381</u>	<u>\$ 13,843,370</u>	<u>\$ 2,125,989</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 7,017,862</u>	<u>\$ 7,017,862</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>8,526,900</u>	<u>8,238,861</u>	<u>288,039</u>
Net Change in Fund Balance	(1,509,038)	(1,220,999)	288,039
Fund Balance at Beginning of Year	<u>4,035,349</u>	<u>4,035,349</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,526,311</u></u>	<u><u>\$ 2,814,350</u></u>	<u><u>\$ 288,039</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,743,000	\$ 2,873,800	\$ 130,800
Total Expenditures and Other Financing Uses	3,060,523	2,892,309	168,214
Net Change in Fund Balance	(317,523)	(18,509)	299,014
Fund Balance at Beginning of Year	716,377	716,377	0
Prior Year Encumbrances	72,942	72,942	0
Fund Balance at End of Year	<u>\$ 471,796</u>	<u>\$ 770,810</u>	<u>\$ 299,014</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 23,000	\$ 22,888	\$ (112)
Total Expenditures and Other Financing Uses	45,429	21,266	24,163
Net Change in Fund Balance	(22,429)	1,622	24,051
Fund Balance at Beginning of Year	72,481	72,481	0
Prior Year Encumbrances	525	525	0
Fund Balance at End of Year	<u>\$ 50,577</u>	<u>\$ 74,628</u>	<u>\$ 24,051</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 335,000	\$ 199,881	\$ (135,119)
Total Expenditures and Other Financing Uses	335,700	305,962	29,738
Net Change in Fund Balance	(700)	(106,081)	(105,381)
Fund Balance at Beginning of Year	19,764	19,764	0
Prior Year Encumbrances	109,764	109,764	0
Fund Balance at End of Year	<u>\$ 128,828</u>	<u>\$ 23,447</u>	<u>\$ (105,381)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 185,000	\$ 138,520	\$ (46,480)
Total Expenditures and Other Financing Uses	130,277	72,726	57,551
Net Change in Fund Balance	54,723	65,794	11,071
Fund Balance at Beginning of Year	10,276	10,276	0
Fund Balance at End of Year	<u>\$ 64,999</u>	<u>\$ 76,070</u>	<u>\$ 11,071</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 391,547	\$ 401,117	\$ 9,570
Total Expenditures and Other Financing Uses	536,087	436,426	99,661
Net Change in Fund Balance	(144,540)	(35,309)	109,231
Fund Balance at Beginning of Year	215,443	215,443	0
Prior Year Encumbrances	31,762	31,762	0
Fund Balance at End of Year	<u>\$ 102,665</u>	<u>\$ 211,896</u>	<u>\$ 109,231</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 354,800	\$ 354,802	\$ 2
Total Expenditures and Other Financing Uses	306,999	308,805	(1,806)
Net Change in Fund Balance	47,801	45,997	(1,804)
Fund Balance at Beginning of Year	43,202	43,202	0
Fund Balance at End of Year	<u>\$ 91,003</u>	<u>\$ 89,199</u>	<u>\$ (1,804)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 650,000</u>	<u>\$ 488,310</u>	<u>\$ (161,690)</u>
Total Expenditures and Other Financing Uses	<u>513,845</u>	<u>427,140</u>	<u>86,705</u>
Net Change in Fund Balance	136,155	61,170	(74,985)
Fund Balance at Beginning of Year	72,422	72,422	0
Prior Year Encumbrances	<u>12,878</u>	<u>12,878</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 221,455</u></u>	<u><u>\$ 146,470</u></u>	<u><u>\$ (74,985)</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 457,176	\$ 448,776	\$ (8,400)
Total Expenditures and Other Financing Uses	576,653	432,274	144,379
Net Change in Fund Balance	(119,477)	16,502	135,979
Fund Balance at Beginning of Year	114,263	114,263	0
Prior Year Encumbrances	15,215	15,215	0
Fund Balance at End of Year	<u>\$ 10,001</u>	<u>\$ 145,980</u>	<u>\$ 135,979</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,398,890	\$ 1,398,891	\$ 1
Total Expenditures and Other Financing Uses	1,927,991	1,778,171	149,820
Net Change in Fund Balance	(529,101)	(379,280)	149,821
Fund Balance at Beginning of Year	239,653	239,653	0
Prior Year Encumbrances	298,454	298,454	0
Fund Balance at End of Year	<u>\$ 9,006</u>	<u>\$ 158,827</u>	<u>\$ 149,821</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 25,806	\$ 25,806	\$ 0
Total Expenditures and Other Financing Uses	25,806	25,806	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 244,755	\$ 244,361	\$ (394)
Total Expenditures and Other Financing Uses	257,620	245,813	11,807
Net Change in Fund Balance	(12,865)	(1,452)	11,413
Fund Balance at Beginning of Year	13,266	13,266	0
Fund Balance at End of Year	<u>\$ 401</u>	<u>\$ 11,814</u>	<u>\$ 11,413</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>37,022</u>	<u>37,022</u>	<u>0</u>
Net Change in Fund Balance	(1,022)	(1,022)	0
Fund Balance at Beginning of Year	<u>1,022</u>	<u>1,022</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 2,970</u>	<u>\$ 2,970</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>2,970</u>	<u>2,963</u>	<u>7</u>
Net Change in Fund Balance	0	7	7
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 7</u></u>	<u><u>\$ 7</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	OHIOREADS FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u> </u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>6,283</u>	<u>6,283</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 6,283</u></u>	<u><u>\$ 6,283</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	ALTERNATIVE FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 28,582	\$ 27,782	\$ (800)
Total Expenditures and Other Financing Uses	26,129	25,913	216
Net Change in Fund Balance	2,453	1,869	(584)
Fund Balance at Beginning of Year	(1,596)	(1,596)	0
Prior Year Encumbrances	75	75	0
Fund Balance at End of Year	\$ 932	\$ 348	\$ (584)

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 101,142</u>	<u>\$ 101,142</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>101,142</u>	<u>101,142</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 57,544	\$ 57,544	\$ 0
Total Expenditures and Other Financing Uses	68,878	66,780	2,098
Net Change in Fund Balance	(11,334)	(9,236)	2,098
Fund Balance at Beginning of Year	29,285	29,285	0
Fund Balance at End of Year	<u>\$ 17,951</u>	<u>\$ 20,049</u>	<u>\$ 2,098</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 98,532	\$ 96,026	\$ (2,506)
Total Expenditures and Other Financing Uses	104,013	94,157	9,856
Net Change in Fund Balance	(5,481)	1,869	7,350
Fund Balance at Beginning of Year	5,614	5,614	0
Fund Balance at End of Year	<u>\$ 133</u>	<u>\$ 7,483</u>	<u>\$ 7,350</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	TITLE II FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 230,595	\$ 133,735	\$ (96,860)
Total Expenditures and Other Financing Uses	209,899	180,088	29,811
Net Change in Fund Balance	20,696	(46,353)	(67,049)
Fund Balance at Beginning of Year	(17,904)	(17,904)	0
Prior Year Encumbrances	26,097	26,097	0
Fund Balance at End of Year	\$ 28,889	\$ (38,160)	\$ (67,049)

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	EESA TITLE VI-B FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 1,838,281</u>	<u>\$ 1,838,281</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>1,927,908</u>	<u>1,794,016</u>	<u>133,892</u>
Net Change in Fund Balance	(89,627)	44,265	133,892
Fund Balance at Beginning of Year	81,479	81,479	0
Prior Year Encumbrances	<u>18,315</u>	<u>18,315</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 10,167</u></u>	<u><u>\$ 144,059</u></u>	<u><u>\$ 133,892</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 73,490	\$ 84,116	\$ 10,626
Total Expenditures and Other Financing Uses	182,170	131,934	50,236
Net Change in Fund Balance	(108,680)	(47,818)	60,862
Fund Balance at Beginning of Year	78,750	78,750	0
Prior Year Encumbrances	30,694	30,694	0
Fund Balance at End of Year	<u>\$ 764</u>	<u>\$ 61,626</u>	<u>\$ 60,862</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 25,381	\$ 15,389	\$ (9,992)
Total Expenditures and Other Financing Uses	28,288	22,419	5,869
Net Change in Fund Balance	(2,907)	(7,030)	(4,123)
Fund Balance at Beginning of Year	1,510	1,510	0
Prior Year Encumbrances	1,396	1,396	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ (4,124)</u>	<u>\$ (4,123)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 212,825	\$ 176,476	\$ (36,349)
Total Expenditures and Other Financing Uses	222,666	176,159	46,507
Net Change in Fund Balance	(9,841)	317	10,158
Fund Balance at Beginning of Year	7,343	7,343	0
Prior Year Encumbrances	978	978	0
Fund Balance at End of Year	<u>\$ (1,520)</u>	<u>\$ 8,638</u>	<u>\$ 10,158</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 540,426</u>	<u>\$ 447,940</u>	<u>\$ (92,486)</u>
Total Expenditures and Other Financing Uses	<u>546,181</u>	<u>424,982</u>	<u>121,199</u>
Net Change in Fund Balance	(5,755)	22,958	28,713
Fund Balance at Beginning of Year	10,245	10,245	0
Prior Year Encumbrances	<u>3,824</u>	<u>3,824</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 8,314</u></u>	<u><u>\$ 37,027</u></u>	<u><u>\$ 28,713</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 84,950	\$ 64,658	\$ (20,292)
Total Expenditures and Other Financing Uses	87,595	84,490	3,105
Net Change in Fund Balance	(2,645)	(19,832)	(17,187)
Fund Balance at Beginning of Year	(1,552)	(1,552)	0
Prior Year Encumbrances	4,828	4,828	0
Fund Balance at End of Year	<u>\$ 631</u>	<u>\$ (16,556)</u>	<u>\$ (17,187)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 19,340	\$ 14,059	\$ (5,281)
Total Expenditures and Other Financing Uses	22,088	14,795	7,293
Net Change in Fund Balance	(2,748)	(736)	2,012
Fund Balance at Beginning of Year	(707)	(707)	0
Prior Year Encumbrances	311	311	0
Fund Balance at End of Year	<u>\$ (3,144)</u>	<u>\$ (1,132)</u>	<u>\$ 2,012</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 13,232	\$ 11,433	\$ (1,799)
Total Expenditures and Other Financing Uses	14,873	11,846	3,027
Net Change in Fund Balance	(1,641)	(413)	1,228
Fund Balance at Beginning of Year	(7,296)	(7,296)	0
Prior Year Encumbrances	4,532	4,532	0
Fund Balance at End of Year	<u>\$ (4,405)</u>	<u>\$ (3,177)</u>	<u>\$ 1,228</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 6,130	\$ 6,616	\$ 486
Total Expenditures and Other Financing Uses	6,184	5,924	260
Net Change in Fund Balance	(54)	692	746
Fund Balance at Beginning of Year	(509)	(509)	0
Prior Year Encumbrances	671	671	0
Fund Balance at End of Year	<u>\$ 108</u>	<u>\$ 854</u>	<u>\$ 746</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,014,072	\$ 1,023,110	\$ 9,038
Total Expenditures and Other Financing Uses	1,478,496	1,478,322	174
Net Change in Fund Balance	(464,424)	(455,212)	9,212
Fund Balance at Beginning of Year	92,920	92,920	0
Prior Year Encumbrances	495,220	495,220	0
Fund Balance at End of Year	<u>\$ 123,716</u>	<u>\$ 132,928</u>	<u>\$ 9,212</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008***

	BUILDING FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>182,718</u>	<u>182,718</u>	<u>0</u>
Net Change in Fund Balance	(182,718)	(182,718)	0
Fund Balance at Beginning of Year	1,335	1,335	0
Prior Year Encumbrances	<u>182,718</u>	<u>182,718</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,335</u></u>	<u><u>\$ 1,335</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 9,500	\$ 7,381	\$ (2,119)
Total Expenditures and Other Financing Uses	31,203	7,704	23,499
Net Change in Fund Balance	(21,703)	(323)	21,380
Fund Balance at Beginning of Year	40,221	40,221	0
Prior Year Encumbrances	1,203	1,203	0
Fund Balance at End of Year	<u>\$ 19,721</u>	<u>\$ 41,101</u>	<u>\$ 21,380</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 50,922	\$ 50,923	\$ 1
Total Expenditures and Other Financing Uses	51,294	51,294	0
Net Change in Fund Balance	(372)	(371)	1
Fund Balance at Beginning of Year	371	371	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 1</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2008***

	PERMANENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 800</u>	<u>\$ 574</u>	<u>\$ (226)</u>
Total Expenditures and Other Financing Uses	<u>400</u>	<u>0</u>	<u>400</u>
Net Change in Fund Balance	400	574	174
Fund Balance at Beginning of Year	<u>14,866</u>	<u>14,866</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 15,266</u></u>	<u><u>\$ 15,440</u></u>	<u><u>\$ 174</u></u>

KETTERING CITY SCHOOL DISTRICT

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Student Managed Activity Fund

This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

Rotary Fund

This fund accounts for deposits to be utilized for background checks on prospective employees.

Employee Benefits Fund

Accounts for the premiums received and the claims and administrative costs paid by the School District for employee health and dental/vision insurance.

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2008***

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$57,067	\$146,740	(\$148,465)	\$55,342
Total Assets	<u>\$57,067</u>	<u>\$146,740</u>	<u>(\$148,465)</u>	<u>\$55,342</u>
Liabilities:				
Due to Students	\$57,067	\$146,740	(\$148,465)	\$55,342
Total Liabilities	<u>\$57,067</u>	<u>\$146,740</u>	<u>(\$148,465)</u>	<u>\$55,342</u>
<u>Rotary Fund</u>				
Assets:				
Cash and Cash Equivalents	\$2,164	\$26,171	(\$19,781)	\$8,554
Total Assets	<u>\$2,164</u>	<u>\$26,171</u>	<u>(\$19,781)</u>	<u>\$8,554</u>
Liabilities:				
Due to Others	\$2,164	\$26,171	(\$19,781)	\$8,554
Total Liabilities	<u>\$2,164</u>	<u>\$26,171</u>	<u>(\$19,781)</u>	<u>\$8,554</u>
<u>Employee Benefits Fund</u>				
Assets:				
Cash and Cash Equivalents	\$147,867	\$296,191	(\$314,065)	\$129,993
Total Assets	<u>\$147,867</u>	<u>\$296,191</u>	<u>(\$314,065)</u>	<u>\$129,993</u>
Liabilities:				
Claims Payable	\$75,961	\$70,737	(\$75,961)	\$70,737
Due to Others	71,906	225,454	(238,104)	59,256
Total Liabilities	<u>\$147,867</u>	<u>\$296,191</u>	<u>(\$314,065)</u>	<u>\$129,993</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$207,098	\$469,102	(\$482,311)	\$193,889
Total Assets	<u>\$207,098</u>	<u>\$469,102</u>	<u>(\$482,311)</u>	<u>\$193,889</u>
Liabilities:				
Claims Payable	\$75,961	\$70,737	(\$75,961)	\$70,737
Due to Others	74,070	251,625	(257,885)	67,810
Due to Students	57,067	146,740	(148,465)	55,342
Total Liabilities	<u>\$207,098</u>	<u>\$469,102</u>	<u>(\$482,311)</u>	<u>\$193,889</u>

KETTERING CITY SCHOOL DISTRICT

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2008***

Capital Assets

Land	\$466,616
Buildings and Improvements	136,196,566
Furniture, Vehicles and Equipment	<u>7,192,979</u>
Total Capital Assets	<u><u>\$143,856,161</u></u>

Investment in Capital Assets from:

General Fund	\$5,752,192
Special Revenue Funds	831,623
Capital Project Funds	<u>137,272,346</u>
Total Investment in Capital Assets	<u><u>\$143,856,161</u></u>

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2008***

Function and Activity	Land	Buildings and Improvements	Furniture, Vehicles and Equipment	Total
Instructional Services				
Regular	\$458,616	\$16,794,580	\$615,582	\$17,868,778
Special	0	0	210,889	210,889
Vocational	0	0	479,353	479,353
Support Services:				
Pupils	0	0	139,448	139,448
Instructional Staff	0	0	267,702	267,702
Administration	8,000	205,000	120,461	333,461
Fiscal Services	0	0	65,903	65,903
Business	0	0	334,305	334,305
Operation and Maintenance of Plant	0	0	420,479	420,479
Pupil Transportation	0	0	2,265,675	2,265,675
Central	0	0	1,389,307	1,389,307
Non-Instructional Services	0	0	857,470	857,470
Extracurricular Activities	0	0	26,405	26,405
Facility Acquisition and Construction	0	119,196,986	0	119,196,986
Total Capital Assets	<u>\$466,616</u>	<u>\$136,196,566</u>	<u>\$7,192,979</u>	<u>\$143,856,161</u>

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2008***

Function and Activity	June 30, 2007	Additions	Deletions	June 30, 2008
Instructional Services				
Regular	\$17,807,758	\$61,020	\$0	\$17,868,778
Special	207,636	3,253	0	210,889
Vocational	479,353	0	0	479,353
Support Services:				
Pupils	121,164	18,284	0	139,448
Instructional Staff	267,702	0	0	267,702
Administration	475,998	0	(142,537)	333,461
Fiscal Services	65,903	0	0	65,903
Business	476,842	0	(142,537)	334,305
Operation and Maintenance of Plant	420,479	0	0	420,479
Pupil Transportation	2,404,010	496,323	(634,658)	2,265,675
Central	1,383,911	5,396	0	1,389,307
Non-Instructional Services	757,108	112,389	(12,027)	857,470
Extracurricular Activities	21,206	5,199	0	26,405
Facility Acquisition and Construction	119,196,986	0	0	119,196,986
Total Capital Assets	<u>\$144,086,056</u>	<u>\$701,864</u>	<u>(\$931,759)</u>	<u>\$143,856,161</u>

STATISTICAL SECTION



STATISTICAL TABLES

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
Revenue Capacity	S 14 – S 21
These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue source, property tax.	
Debt Capacity	S 22 – S 29
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Economic and Demographic Information	S 30 – S 35
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 36 – S 49
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Kettering City School District

*Net Assets by Component
Last Six Years
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$14,371,663	\$20,269,335	\$8,537,315	\$10,572,943
Restricted for:				
Capital Projects	0	0	0	755,941
Debt Service	5,097,769	2,299,876	2,144,839	2,649,523
Permanent	0	0	0	14,133
Other Purposes	1,928,915	1,987,718	1,821,150	936,280
Unrestricted (Deficit)	(592,847)	(8,420,717)	6,892,084	6,700,355
Total Governmental Activities Net Assets	<u>\$20,805,500</u>	<u>\$16,136,212</u>	<u>\$19,395,388</u>	<u>\$21,629,175</u>

Source: District Treasurer's Office

Note: District did not implement GASB 34 prior to 2003.

Kettering City School District

<u>2007</u>	<u>2008</u>
\$11,380,187	\$14,042,346
645,202	621,820
4,356,490	2,524,780
14,866	15,468
589,735	444,932
<u>4,671,211</u>	<u>4,329,914</u>
<u>\$21,657,691</u>	<u>\$21,979,260</u>

Kettering City School District

*Changes in Net Assets
Last Six Years
(accrual basis of accounting)*

	2003	2004	2005	2006
Expenses				
Governmental Activities				
Instruction				
Regular	\$27,787,301	\$30,173,674	\$30,303,175	\$30,026,305
Special	5,615,537	6,597,531	7,195,031	7,592,499
Vocational	1,854,566	1,882,912	1,938,656	1,989,974
Adult/Continuing	39,572	47,683	40,025	28,453
Other Instruction	1,680,376	2,032,719	2,193,266	3,546,792
Support Services				
Pupils	5,251,197	5,840,364	6,012,755	6,183,114
Instructional Staff	3,934,628	4,118,932	4,293,737	4,473,685
Board of Education	64,558	47,482	1,551,467	58,880
Administration	5,501,734	6,257,514	6,220,245	6,280,987
Fiscal Services	1,358,463	1,570,031	1,521,850	1,723,088
Business	838,218	1,280,184	371,627	519,187
Operation and Maintenance of Plant	7,021,493	7,077,799	7,434,445	7,491,277
Pupil Transportation	2,621,551	2,887,069	3,013,238	2,731,380
Central	1,374,618	1,229,421	1,356,202	1,090,013
Non-Instructional Services	3,831,599	3,973,750	4,305,313	4,051,744
Extracurricular Activities	1,547,392	1,576,132	1,604,609	1,457,996
Interest and Fiscal Charges	2,865,622	4,855,798	4,942,861	5,098,030
<i>Total Primary Government Expenses</i>	<u>\$73,188,425</u>	<u>\$81,448,995</u>	<u>\$84,298,502</u>	<u>\$84,343,404</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction	\$584,140	\$587,682	\$691,270	\$606,868
Support Services				
Pupils	354,237	427,550	367,062	0
Instructional Staff	9,468	21,491	10,800	400,010
Administration	0	256,369	21,253	30,252
Non-Instructional Services	1,518,383	1,569,095	1,688,221	1,759,386
Extracurricular Activities	357,006	352,994	419,602	475,612
Operating Grants and Contributions	15,710,262	5,085,821	6,609,782	6,807,693
Capital Grants and Contributions	210,254	75,676	197,400	80,770
<i>Total Primary Government Program Revenues</i>	<u>18,743,750</u>	<u>8,376,678</u>	<u>10,005,390</u>	<u>10,160,591</u>

Kettering City School District

<u>2007</u>	<u>2008</u>
\$33,962,450	\$33,619,843
7,999,070	7,840,416
2,047,759	2,091,488
34,254	37,255
4,373,656	4,253,666
6,663,259	6,520,008
4,749,251	4,766,122
66,612	68,541
6,822,367	6,889,537
1,796,626	1,899,405
595,008	612,826
7,812,668	8,595,610
3,077,737	3,421,844
1,733,260	1,723,029
4,797,572	4,774,211
1,733,777	1,862,353
3,929,935	4,644,799
<u>\$92,195,261</u>	<u>\$93,620,953</u>

\$743,534	\$810,466
0	0
401,284	674,654
49,277	46,140
1,831,394	1,792,888
666,435	509,738
6,776,987	8,391,295
111,299	158,018
<u>10,580,210</u>	<u>12,383,199</u>

(Continued)

Kettering City School District

*Changes in Net Assets
Last Six Years
(accrual basis of accounting)*

	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental Activities	(54,444,675)	(73,072,317)	(74,293,112)	(74,182,813)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$54,444,675)</u>	<u>(\$73,072,317)</u>	<u>(\$74,293,112)</u>	<u>(\$74,182,813)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Property Taxes Levied for				
General Purposes	\$40,776,276	\$49,123,574	\$58,078,104	\$57,412,021
Grants and Entitlements not				
Restricted to Specific Programs	5,489,380	17,028,707	16,296,597	16,595,607
Investment Earnings	1,252,041	1,520,926	1,462,565	1,100,764
Miscellaneous	884,864	729,822	1,715,022	1,308,188
<i>Total Primary Government</i>	<u>\$48,402,561</u>	<u>\$68,403,029</u>	<u>\$77,552,288</u>	<u>\$76,416,580</u>
Change in Net Assets				
<i>Total Primary Government Change in Net Assets</i>	<u>(\$6,042,114)</u>	<u>(\$4,669,288)</u>	<u>\$3,259,176</u>	<u>\$2,233,767</u>

Source: District Treasurer's Office

Note: District did not implement GASB 34 prior to 2003.

Kettering City School District

<u>2007</u>	<u>2008</u>
<u>(81,615,051)</u>	<u>(81,237,754)</u>
<u>(\$81,615,051)</u>	<u>(\$81,237,754)</u>
\$60,149,130	\$58,323,623
18,921,497	21,120,885
1,670,128	1,215,189
902,832	899,626
<u>\$81,643,587</u>	<u>\$81,559,323</u>
<u>\$28,536</u>	<u>\$321,569</u>

Kettering City School District

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$2,377,814	\$2,696,470	\$3,701,927	\$8,801,259
Unreserved	9,125,920	10,211,130	13,568,207	16,236,270
<i>Total General Fund</i>	<u>11,503,734</u>	<u>12,907,600</u>	<u>17,270,134</u>	<u>25,037,529</u>
All Other Governmental Funds				
Reserved	1,615,886	1,639,654	1,583,956	2,085,150
Unreserved, Undesignated in:				
Special Revenue Funds	622,302	793,165	830,730	945,663
Debt Service Fund	0	0	0	0
Capital Projects Funds	115,867	210,244	808,038	541,481
Permanent Fund	513,219	591,475	943,955	0
Total All Other Governmental Funds	<u>2,867,274</u>	<u>3,234,538</u>	<u>4,166,679</u>	<u>3,572,294</u>
<i>Total Governmental Funds</i>	<u><u>\$14,371,008</u></u>	<u><u>\$16,142,138</u></u>	<u><u>\$21,436,813</u></u>	<u><u>\$28,609,823</u></u>

Source: District Treasurer's Office

Kettering City School District

2003	2004	2005	2006	2007	2008
\$3,678,456	\$2,715,843	\$4,723,857	\$3,617,142	\$3,604,839	\$4,124,451
15,063,090	9,521,796	7,880,070	5,953,358	5,757,962	4,261,563
18,741,546	12,237,639	12,603,927	9,570,500	9,362,801	8,386,014
18,996,210	42,631,958	17,372,528	4,114,077	1,524,602	1,104,400
1,372,663	1,459,620	1,198,474	1,401,577	1,131,065	1,233,206
0	0	0	0	4,035,349	2,914,350
71,281,465	35,045,102	4,685,394	1,295,510	134,847	176,958
444	567	752	1,312	2,065	2,667
91,650,782	79,137,247	23,257,148	6,812,476	6,827,928	5,431,581
<u>\$110,392,328</u>	<u>\$91,374,886</u>	<u>\$35,861,075</u>	<u>\$16,382,976</u>	<u>\$16,190,729</u>	<u>\$13,817,595</u>

Kettering City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1999	2000	2001	2002
Revenues:				
Taxes	\$38,666,529	\$40,101,867	\$45,242,266	\$50,013,992
Tuition and Fees	161,749	249,058	211,348	355,413
Transportation	246,005	182,021	257,894	226,815
Interest	1,329,562	1,346,740	1,634,965	917,462
Sales	0	0	0	0
Intergovernmental	13,322,234	13,661,202	14,852,133	18,322,943
Extracurricular Activities	583,385	626,306	633,025	587,488
Class Materials and Fees	197,998	177,896	52,697	49,695
Miscellaneous	369,543	545,551	581,043	508,176
Total Revenue	<u>54,877,005</u>	<u>56,890,641</u>	<u>63,465,371</u>	<u>70,981,984</u>
Expenditures:				
Current:				
Instruction				
Regular	22,973,359	22,529,183	24,702,467	25,661,078
Special	3,299,470	3,662,568	4,139,266	4,456,249
Vocational	1,789,159	1,676,795	1,588,170	1,529,516
Adult/Continuing	36,610	122,777	89,237	49,858
Other Instruction	1,397,920	1,160,161	1,490,833	2,269,571
Supporting Services:				
Pupils	3,658,717	3,735,605	4,127,081	4,464,893
Instructional Staff	2,092,115	2,228,239	2,545,168	2,693,999
Board of Education	64,039	41,882	48,890	49,099
Administration	3,924,450	4,617,720	4,909,149	5,213,909
Fiscal Services	1,015,534	1,167,406	1,284,459	1,394,498
Business	768,761	744,856	704,132	664,441
Operation and Maintenance of Plant	5,449,300	5,801,296	6,252,403	6,641,022
Pupil Transportation	1,817,174	1,947,683	2,152,275	2,399,073
Central	528,699	728,542	878,534	1,049,695
Non-Instructional Services (1)	1,149,661	1,174,593	1,411,691	1,304,478
Extracurricular Activities	1,250,356	1,287,979	1,319,701	1,469,666
Facility Acquisition and Construction	1,591,394	728,537	376,494	1,027,308
Debt Service:				
Principal Retirement	746,115	716,183	935,273	621,064
Interest and Fiscal Charges	900,185	915,675	834,536	860,954
Total Expenditures	<u>54,453,018</u>	<u>54,987,680</u>	<u>59,789,759</u>	<u>63,820,371</u>

Kettering City School District

2003	2004	2005	2006	2007	2008
\$40,727,310	\$46,505,499	\$58,630,450	\$57,446,028	\$61,267,771	\$57,556,743
277,879	133,650	177,173	183,559	609,365	613,261
153,028	236,469	308,858	237,299	157,477	104,445
1,252,041	1,392,455	1,505,456	1,186,344	1,653,214	1,205,909
1,516,091	1,569,095	1,686,277	1,750,980	1,827,929	1,792,888
21,285,412	22,374,640	23,111,700	23,493,753	25,771,927	29,622,757
589,162	571,285	642,718	720,352	892,333	735,312
276,651	272,596	265,090	247,234	260,652	251,374
894,987	1,161,908	1,833,114	1,440,892	847,000	1,236,232
<u>66,972,561</u>	<u>74,217,597</u>	<u>88,160,836</u>	<u>86,706,441</u>	<u>93,287,668</u>	<u>93,118,921</u>
27,087,704	28,385,307	29,495,513	31,367,491	32,288,016	32,454,270
5,464,116	6,300,407	7,170,658	7,449,037	7,842,597	7,775,400
1,775,200	1,765,093	1,883,682	1,969,979	2,001,139	1,987,377
38,876	45,990	40,193	29,675	34,254	37,255
1,650,834	1,960,539	2,202,452	3,699,059	4,373,656	4,253,666
5,071,343	5,506,659	6,043,951	6,312,259	6,559,484	6,523,471
3,762,387	3,895,972	4,424,620	4,480,281	4,543,760	4,675,328
63,163	46,043	1,557,965	61,408	66,612	68,541
5,348,449	5,909,024	6,144,449	6,395,203	6,537,621	6,716,620
1,315,984	1,462,774	1,540,782	1,779,432	1,777,309	1,884,587
782,671	1,224,402	552,678	541,416	536,772	568,496
6,901,983	6,761,708	7,573,422	7,781,644	7,885,136	8,276,731
2,388,869	2,565,565	2,907,533	3,130,092	2,758,153	3,352,988
1,309,928	1,138,637	1,184,368	1,036,217	2,082,946	1,667,372
3,711,067	3,780,650	4,301,318	4,172,955	4,600,634	4,832,456
1,514,821	1,508,330	1,608,403	1,534,011	1,630,658	1,676,487
4,499,353	26,170,217	57,098,482	17,385,414	2,119,606	558,345
596,956	5,550,543	15,225,923	2,094,004	2,925,887	3,746,555
2,577,736	4,871,266	5,510,702	5,199,402	4,888,769	4,716,400
<u>75,861,440</u>	<u>108,849,126</u>	<u>156,467,094</u>	<u>106,418,979</u>	<u>95,453,009</u>	<u>95,772,345</u>

(Continued)

Kettering City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1999	2000	2001	2002
Excess (Deficiency) of Revenues Over Expenditures	423,987	1,902,961	3,675,612	7,161,613
Other Financing Sources (Uses):				
Sale of Capital Assets	114,284	5,523	1,537	16,454
Premium on Issuance of General Obligation Bonds	0	0	1,200,000	0
General Obligation Bonds Issued	0	0	400,000	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Premium on Issuance of Refunding Bonds	0	0	0	0
Refunding Bonds Issued	0	0	0	0
New Capital Leases	0	0	0	0
Transfers In	461,982	449,974	210,000	13,500
Transfers Out	(461,982)	(449,974)	(210,000)	(13,500)
Total Other Financing Sources (Uses)	<u>114,284</u>	<u>5,523</u>	<u>1,601,537</u>	<u>16,454</u>
Net Change in Fund Balance	<u><u>\$538,271</u></u>	<u><u>\$1,908,484</u></u>	<u><u>\$5,277,149</u></u>	<u><u>\$7,178,067</u></u>
Debt Service as a Percentage of Noncapital Expenditures	3.16%	3.10%	3.08%	2.40%

(1) Food Service Operations were reclassified from Business-Type Activity to Governmental Activity in 2003 when the District implemented GASB 34.

Source: District Treasurer's Office

Kettering City School District

2003	2004	2005	2006	2007	2008
(8,888,879)	(34,631,529)	(68,306,258)	(19,712,538)	(2,165,341)	(2,653,424)
300	0	0	0	0	0
2,489,152	0	635,025	0	0	0
87,400,000	15,000,000	12,149,989	0	0	0
0	0	0	0	(70,926,703)	0
0	0	0	0	4,807,856	0
0	0	0	0	66,999,990	0
0	653,538	0	199,940	1,155,270	281,708
191,829	24,401	94,916	13,500	58,574	13,500
(191,829)	(24,401)	(94,916)	(13,500)	(58,574)	(13,500)
<u>89,889,452</u>	<u>15,653,538</u>	<u>12,785,014</u>	<u>199,940</u>	<u>2,036,413</u>	<u>281,708</u>
<u>\$81,000,573</u>	<u>(\$18,977,991)</u>	<u>(\$55,521,244)</u>	<u>(\$19,512,598)</u>	<u>(\$128,928)</u>	<u>(\$2,371,716)</u>
4.57%	13.91%	26.48%	9.38%	9.19%	9.77%

Kettering City School District

*Assessed Valuations and Estimated True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Calendar Years*

Tax year	1999	2000	2001	2002
Real Property				
Assessed	978,807,480	1,056,251,560	1,062,332,080	1,049,205,930
Actual	2,796,592,800	3,017,861,600	3,035,234,514	2,997,731,229
Public Utility				
Assessed	82,582,490	88,732,220	109,567,330	63,730,190
Actual	93,843,739	100,832,068	124,508,330	72,420,670
Tangible Personal Property				
Assessed	185,801,525	181,081,808	188,035,293	175,257,840
Actual	743,206,100	724,327,232	752,141,172	701,031,360
Total				
Assessed	1,247,191,495	1,326,065,588	1,359,934,703	1,288,193,960
Actual	3,633,642,639	3,843,020,900	3,911,884,016	3,771,183,259
Assessed Value as a Percentage of Actual Value	34.32%	34.51%	34.76%	34.16%
Total Direct Tax Rate	\$53.10	\$53.10	\$53.10	\$56.30

Source: Montgomery County Auditor

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Kettering City School District

2003	2004	2005	2006	2007	2008
1,144,802,840	1,144,673,410	1,152,401,750	1,271,199,660	1,275,658,100	1,284,465,470
3,270,865,257	3,270,495,457	3,292,576,429	3,631,999,029	3,644,737,429	3,669,901,343
70,859,650	68,630,430	70,404,720	66,290,158	66,290,158	61,379,830
80,522,330	77,989,125	80,005,364	75,329,725	75,329,725	69,749,807
162,332,926	134,709,010	142,988,855	85,452,509	61,403,477	50,549,093
649,331,704	538,836,040	571,955,420	341,810,036	245,613,908	202,196,372
1,377,995,416	1,348,012,850	1,365,795,325	1,422,942,327	1,403,351,735	1,396,394,393
4,000,719,291	3,887,320,622	3,944,537,212	4,049,138,790	3,965,681,062	3,941,847,522
34.44%	34.68%	34.62%	35.14%	35.39%	35.42%
\$56.30	\$56.30	\$60.90	\$67.80	\$67.80	\$71.30

Kettering City School District

*Property Tax Rates of Direct and Overlapping Governments
(per \$1,000 of assessed value)
Last Ten Calendar Years*

	1998	1999	2000	2001
Direct District Rates				
General Fund	51.60	51.60	51.60	54.80
Permanent Improvement Fund	0.60	0.60	0.60	0.60
Bond Retirement Fund	0.90	0.90	0.90	0.90
Total	53.10	53.10	53.10	56.30
Overlapping Rates				
City of Kettering	7.00	6.98	6.92	6.92
City of Moraine	2.50	2.50	2.50	2.50
Montgomery County	16.64	16.64	16.64	17.24
Dayton/Montgomery County Library	0.26	0.26	0.26	0.26
Total	79.50	79.48	79.42	83.22

Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

Montgomery County Auditor's Office
Montgomery County Treasurer's Office

Kettering City School District

2002	2003	2004	2005	2006	2007
54.80	54.80	54.80	61.70	61.70	61.70
0.60	0.60	0.60	0.60	0.60	0.60
0.90	5.50	5.50	5.50	5.50	5.50
<u>56.30</u>	<u>60.90</u>	<u>60.90</u>	<u>67.80</u>	<u>67.80</u>	<u>67.80</u>
6.91	6.85	6.85	6.85	6.80	6.80
2.50	2.50	2.50	2.50	2.50	2.50
17.24	17.24	18.24	18.24	18.24	18.24
0.26	0.26	0.26	1.25	1.25	1.25
<u>83.21</u>	<u>87.75</u>	<u>88.75</u>	<u>96.64</u>	<u>96.59</u>	<u>96.59</u>

Kettering City School District

*Principal Taxpayers
Tangible Personal Property Tax
Current Year and Ten Years Ago*

Name of Taxpayer	Nature of Business	Calendar Year 2007		
		Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation	Automotive Manufacturer	\$5,175,210	1	8.43%
Delphi Automotive	Automotive Manufacturer	3,263,140	2	5.31%
DMAX LTD	Manufacturer	2,580,570	3	4.20%
Kodak Versamark, Inc.	Manufacturer of Digital Printer	1,482,940	4	2.42%
Reynolds & Reynolds Co.	Fortune 1000	1,075,430	5	1.75%
Meijer	Retail Sales	557,690	6	0.91%
Time Warner	Entertainment	534,320	7	0.87%
Setech Inc.	Supply Services	430,330	8	0.70%
Wal-Mart	Retail Sales	429,410	9	0.70%
Limited Logistic Services	Transportation Services	416,040	10	0.68%
Subtotal		15,945,080		25.97%
All Others		45,458,397		74.03%
Total		\$61,403,477		100.00%

Name of Taxpayer	Nature of Business	Calendar Year 1997*		
		Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation	Automotive Manufacturer	\$42,104,320	1	28.67%
DMAX LTD	Manufacturer	12,342,560	2	8.40%
Kodak Versamark, Inc.	Manufacturer of Digital Printer	10,629,160	3	7.24%
Meijer, Inc.	Retail Sales	2,602,380	4	1.77%
Elder Beerman Stores Corp	Retail Sales	2,355,840	5	1.60%
Victoria's Secret Catalogue, Inc.	Retail Sales	2,280,997	6	1.55%
Reynolds & Reynolds Co.	Fortune 1000	1,991,190	7	1.36%
Miami Industrial Trucks Inc.	Trucking	1,833,280	8	1.25%
Kroger Limited Partnership	Retail Sales	1,641,910	9	1.12%
Dayton Town & Country Inc.	Property Management	108,340	10	0.07%
Subtotal		77,889,977		53.03%
All Others		68,980,257		46.97%
Total		\$146,870,234		100.00%

Source: Montgomery County Auditor - Land and Buildings
Based on valuation of property in 2007 and 1997
*Information for 1998 was not available

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Kettering City School District

*Principal Taxpayers
Real Estate Tax and Public Utility
Current Year and Nine Years Ago*

		Calendar Year 2007		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light	Gas and Electric Utility	\$56,119,670	1	4.18%
General Mortors Corporation	Automotive Manufacturer	8,454,880	2	0.63%
Reynolds & Reynolds Co.	Retail Business Forms	8,392,250	3	0.63%
Delphi Automotive	Auto Parts Plant	8,197,400	4	0.61%
Forward One, LLC.	Banking Services	7,710,140	5	0.57%
Residenz	Nursing Home	7,389,380	6	0.55%
Vectren	Utility	6,929,250	7	0.52%
Dayton Town & Country Inc.	Property Management	4,920,920	8	0.37%
BR Kettering Towne Center	Property Management	4,881,250	9	0.36%
Lincoln Park Associates	Property Management	4,118,460	10	0.31%
Subtotal		117,113,600		8.73%
All Others		1,224,834,658		91.27%
Total		<u>\$1,341,948,258</u>		<u>100.00%</u>
		1998		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light	Gas and Electric Utility	\$68,255,850	1	5.83%
General Motors Corporation	Automotive Manufacturer	28,182,110	2	2.41%
Ohio Bell	Telephone Utility	14,676,540	3	1.25%
Scitex Digital Printing, Inc.	Digital Printing	9,542,380	4	0.82%
Meijer, Inc.	Retail Sales	5,667,110	5	0.48%
Dayton Town & Country Inc.	Property Management	4,382,110	6	0.37%
WB Apartment Association	Property Management	4,310,390	7	0.37%
Lincoln Park Associates	Property Management	3,920,250	8	0.33%
Miami Valley Research	Foundation Research	3,219,660	9	0.28%
Georgetown Apartments, Ltd.	Property Management	3,153,590	10	0.27%
Subtotal		145,309,990		12.41%
All Others		1,025,217,395		87.59%
Total		<u>\$1,170,527,385</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings
Based on valuation of property in 2007 and 1998

Presented on a calendar year basis because that is the manner
in which the information is maintained by the County.

Kettering City School District

*Property Tax Levies and Collections
Last Ten Years*

Collection Year	<u>1998</u>	<u>1999</u>	<u>2000</u>
Total Tax Levy (1)	\$41,284,309	\$43,746,765	\$44,879,638
Collections within the Fiscal Year of the Levy			
Current Tax Collections (2)	42,023,033	42,478,593	44,381,401
Percent of Levy Collected	101.79%	97.10%	98.89%
Delinquent Tax Collections	<u>1,150,888</u>	<u>1,144,286</u>	<u>1,061,019</u>
Total Tax Collections	43,173,921	43,622,879	45,442,420
Percent of Total Tax Collections To Tax Levy	104.58%	99.72%	101.25%
Accumulated Outstanding Delinquent Taxes (3)	1,686,924	1,713,996	2,103,823
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	4.09%	3.92%	4.69%

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included;
December 2007 settlement estimate included.

(3) Penalties and interest are included, since by Ohio law they become part of
the tax obligation as assessment occurs.

Source: Montgomery County Auditor's Office

Presented on a calendar year basis because that is the manner
in which the information is maintained by the County.

Kettering City School District

2001	2002	2003	2004	2005	2006	2007
\$50,386,264	\$46,987,959	\$53,779,128	\$51,960,333	\$62,230,176	\$59,374,793	\$55,461,256
47,960,477	45,336,209	50,574,089	51,053,894	61,263,297	57,609,301	55,134,931
95.19%	96.48%	94.04%	98.26%	98.45%	97.03%	99.41%
1,185,137	1,321,662	454,935	1,081,944	3,489,527	3,273,718	1,608,958
49,145,614	46,657,871	51,029,024	52,135,838	64,752,824	60,883,019	56,743,889
97.54%	99.30%	94.89%	100.34%	104.05%	102.54%	102.31%
1,388,513	1,576,839	2,632,801	4,372,384	3,579,271	2,426,623	2,386,797
2.76%	3.36%	4.90%	8.41%	5.75%	4.09%	4.30%

Kettering City School District

Ratio of Outstanding Debt By Type Last Ten Years

	1999	2000	2001	2002
Governmental Activities ⁽¹⁾				
Long-Term Notes Payable	\$40,000	\$30,000	\$15,000	\$0
General Obligation Bonds Payable	15,852,278	15,270,240	15,935,000	15,425,667
Capital Leases	184,715	90,493	0	365,849
Total Primary Government	<u>\$16,076,993</u>	<u>\$15,390,733</u>	<u>\$15,950,000</u>	<u>\$15,791,516</u>
Population ⁽²⁾				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Outstanding Debt Per Capita	250	239	248	245
Income ⁽³⁾				
Personal (in thousands)	1,770,135	1,864,222	1,921,215	1,959,146
Percentage of Personal Income	0.91%	0.83%	0.83%	0.81%

Sources:

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

N/A = Not available

Kettering City School District

2003	2004	2005	2006	2007	2008
\$0	\$0	\$0	\$0	\$0	\$0
102,344,955	111,916,285	109,054,488	107,049,421	104,310,889	100,918,729
249,605	781,270	567,133	678,136	1,646,041	1,573,354
<u>\$102,594,560</u>	<u>\$112,697,555</u>	<u>\$109,621,621</u>	<u>\$107,727,557</u>	<u>\$105,956,930</u>	<u>\$102,492,083</u>
64,399	64,399	64,399	64,399	64,399	64,399
1,593	1,750	1,702	1,673	1,645	1,592
1,973,572	2,001,135	2,069,333	2,155,692	N/A	N/A
5.20%	5.63%	5.30%	5.00%	N/A	N/A

Kettering City School District

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	1999	2000	2001	2002
Population (1)	62,371	64,399	64,399	64,399
Assessed Value (2)	1,247,191,495	1,326,065,588	1,359,934,703	1,288,193,960
General Bonded Debt (3)				
General Obligation Bonds	15,852,278	15,270,240	15,935,000	15,425,667
Resources Available to Pay Principal (4)	839,979	978,825	809,347	1,123,191
Net General Bonded Debt	15,012,299	14,291,415	15,125,653	14,302,476
Ratio of Net Bonded Debt to Assessed Value	1.20%	1.08%	1.11%	1.11%
Net Bonded Debt per Capita	241	222	235	222

Source:

- (1) U.S. Bureau of Census of Population
- (2) Montgomery County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Kettering City School District

2003	2004	2005	2006	2007	2008
64,399	64,399	64,399	64,399	64,399	64,399
1,377,995,416	1,348,012,850	1,365,795,325	1,422,942,327	1,403,351,735	1,396,394,393
102,344,955	111,916,285	109,054,488	107,049,421	104,310,889	100,918,729
5,233,203	2,291,869	2,243,653	2,752,772	4,557,437	3,297,658
97,111,752	109,624,416	106,810,835	104,296,649	99,753,452	97,621,071
7.05%	8.13%	7.82%	7.33%	7.11%	6.99%
1,508	1,702	1,659	1,620	1,549	1,516



Kettering City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2008*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Kettering City School District</u>	<u>Amount Applicable to Kettering City School District</u>
Direct:			
Kettering City School District	\$100,918,729	100.00%	\$100,918,729
Overlapping:			
Montgomery County	44,021,926	12.66%	5,573,176
City of Kettering	6,839,232	82.21%	5,622,533
City of Moraine	5,000,000	17.79%	889,500
		Subtotal	<u>12,085,209</u>
		Total	<u><u>\$113,003,938</u></u>

Source: Montgomery County Auditor

Kettering City School District

*Debt Limitations
Last Ten Years*

	1999	2000	2001	2002
Net Assessed Valuation	\$1,247,191,495	\$1,326,065,588	\$1,359,934,703	\$1,288,193,960
Overall Direct Debt Limitation				
Legal Debt Limitation (%) ⁽¹⁾	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) ⁽¹⁾	112,247,235	119,345,903	122,394,123	115,937,456
Applicable District Debt Outstanding	14,030,000	13,810,000	13,580,000	13,330,000
Less: Applicable Debt Service Fund Amounts ⁽²⁾	(839,979)	(978,825)	(809,347)	(1,123,191)
Net Indebtedness Subject to Limitation	<u>13,190,021</u>	<u>12,831,175</u>	<u>12,770,653</u>	<u>12,206,809</u>
Overall Legal Debt Margin	<u>\$99,057,214</u>	<u>\$106,514,728</u>	<u>\$109,623,470</u>	<u>\$103,730,647</u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) ⁽¹⁾	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) ⁽¹⁾	1,247,191	1,326,066	1,359,935	1,288,194
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$1,247,191</u>	<u>\$1,326,066</u>	<u>\$1,359,935</u>	<u>\$1,288,194</u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) ⁽¹⁾	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) ⁽¹⁾	11,224,723	11,934,590	12,239,412	11,593,746
Authorized by the Board	(1,500,000)	(1,330,000)	(2,355,000)	(2,095,667)
Unvoted Energy Conservation Bond Legal Debt Margin	<u>\$9,724,723</u>	<u>\$10,604,590</u>	<u>\$9,884,412</u>	<u>\$9,498,079</u>

(1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt.

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Kettering City School District

2003	2004	2005	2006	2007	2008
\$1,377,995,416	\$1,348,012,850	\$1,365,795,325	\$1,422,942,327	\$1,403,351,735	\$1,396,394,393
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
124,019,587	121,321,157	122,921,579	128,064,809	126,301,656	125,675,495
100,465,000	110,355,000	107,619,989	105,844,989	103,339,979	100,184,979
(5,233,203)	(2,291,869)	(2,243,653)	(2,752,772)	(4,557,437)	(3,297,658)
<u>95,231,797</u>	<u>108,063,131</u>	<u>105,376,336</u>	<u>103,092,217</u>	<u>98,782,542</u>	<u>96,887,321</u>
<u>\$28,787,790</u>	<u>\$13,258,026</u>	<u>\$17,545,243</u>	<u>\$24,972,592</u>	<u>\$27,519,114</u>	<u>\$28,788,174</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
1,377,995	1,348,013	1,365,795	1,422,942	1,403,352	1,396,394
0	0	0	0	0	0
<u>\$1,377,995</u>	<u>\$1,348,013</u>	<u>\$1,365,795</u>	<u>\$1,422,942</u>	<u>\$1,403,352</u>	<u>\$1,396,394</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
12,401,959	12,132,116	12,292,158	12,806,481	12,630,166	12,567,550
(1,879,955)	(1,661,285)	(1,434,499)	(1,204,432)	(970,910)	(733,750)
<u>\$10,522,004</u>	<u>\$10,470,831</u>	<u>\$10,857,659</u>	<u>\$11,602,049</u>	<u>\$11,659,256</u>	<u>\$11,833,800</u>

Kettering City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	1998	1999	2000	2001
Population (1)				
Cities of Kettering and Moraine	62,371	64,399	64,399	64,399
Montgomery County	558,427	565,866	559,062	554,232
Income (2) (a)				
Total Personal (in thousands)	1,656,012	1,770,135	1,864,222	1,921,215
Per Capita	26,551	27,487	28,948	29,833
Unemployment Rate (3)				
Federal	4.5%	4.2%	3.8%	4.8%
State	4.3%	4.3%	3.7%	4.3%
Montgomery County	4.1%	3.8%	3.8%	4.3%
Fiscal Year	1999	2000	2001	2002
School Enrollment (4)				
Grades K - 5	3,714	3,617	3,510	3,449
Grades 6 - 8	1,862	1,903	1,916	1,882
Grades 9 - 12	2,355	2,456	2,485	2,471
Non-Grade	15	12	9	6
Total	<u>7,946</u>	<u>7,988</u>	<u>7,920</u>	<u>7,808</u>

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Kettering City School District

2002	2003	2004	2005	2006	2007
64,399	64,399	64,399	64,399	64,399	64,399
554,470	552,187	550,063	547,435	542,237	538,104
1,959,146	1,973,572	2,001,135	2,069,333	2,155,692	N/A
30,422	30,646	31,074	32,133	33,474	N/A
5.8%	6.0%	5.5%	5.0%	4.6%	4.6%
5.7%	6.1%	6.0%	5.9%	5.5%	5.6%
5.6%	6.3%	6.6%	6.4%	6.0%	7.3%
2003	2004	2005	2006	2007	2008
3,274	3,297	3,240	3,292	3,331	3,353
1,809	1,813	1,770	1,720	1,685	1,676
2,439	2,468	2,425	2,466	2,451	2,398
6	6	0	0	0	0
<u>7,528</u>	<u>7,584</u>	<u>7,435</u>	<u>7,478</u>	<u>7,467</u>	<u>7,427</u>



Kettering City School District

Principal Employers Current Year and Nine Years Ago

		2007	
Employer	Nature of Business	Number of Employees	Rank
Kettering Medical Center	Health Services	3,100	1
GE Consumer Finance	Credit Card Processing Center	1,700	2
Reynolds & Reynolds Co.	Fortune 1000	1,076	3
Kettering City School District	Education	1,074	4
Intimate Brands Inc.	A Catalogue Order Center	1,000	5
City of Kettering	Municipality	900	6
Delphi Automotive System Svcs.	Manufacturer	701	7
Kodak Versamark	Manufacturer of Digital Printer	700	8
Meijer Inc.	Retail Sales	550	9
Victoria Secret Catalogue	Retail Sales	536	10
Total		<u>11,337</u>	
		1998	
Employer	Nature of Business	Number of Employees	Rank
General Motors/Truck Platforms	Automotive Manufacturer	4,405	1
General Motors/Harrison Division	Automotive Manufacturer	3,850	2
General Motors/Delphi Chassis	Automotive Manufacturer	3,131	3
Kettering Medical Center	Health	2,975	4
Victoria Secret Catalogue	Retail Sales	1,300	5
Elder-Beerman's Dept. Store	Retail Sales	910	6
Kettering City School District	Education	792	7
Meijer Inc.	Retail Sales	750	8
The Berry Company	Directory Publishing	700	9
Scitex Digital Printing Inc.	Digital Printing	600	10
Total		<u>19,413</u>	

Sources: City of Kettering CAFR, and Kettering City School District 1998 CAFR, Kettering Chamber of Commerce.

Note: Total District employment is not available.

Kettering City School District

School District Employees by Type Last Ten Years

	1999	2000	2001	2002
Supervisory				
Noninstructional Administrators	19.00	22.00	22.00	22.00
Consultants/Supervisors of Instruction	7.00	7.00	7.00	11.00
Principals	12.00	12.00	12.00	12.00
Assistant Principals	8.00	8.00	8.00	8.00
Instruction				
Classroom Teachers				
Elementary	161.00	172.00	175.00	179.00
Middle	104.00	115.00	116.00	115.00
High	149.00	146.00	159.00	154.00
Student Services				
Guidance Counselors	20.00	20.00	20.00	21.00
Social Workers	1.00	1.00	1.00	1.00
Psychologists	5.00	5.00	6.00	7.00
Librarians	4.00	4.00	4.00	4.00
Technicians	1.00	3.00	3.00	3.00
Other Professionals (noninstructional)	17.00	17.00	17.00	18.00
Support Services				
Clerical/Secretaries	59.00	68.00	69.00	72.00
Tutors/Aides	110.00	119.00	158.00	170.00
Food Service	55.00	51.00	51.00	52.00
Maintenance/Grounds	66.00	64.00	67.00	69.00
Transportation	54.00	62.00	62.00	66.00
<i>Total Employees</i>	<u>852.00</u>	<u>896.00</u>	<u>957.00</u>	<u>984.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: District Treasurer's Office

Kettering City School District

2003	2004	2005	2006	2007	2008
23.00	23.00	23.00	22.00	22.00	22.00
11.00	11.00	12.00	12.00	12.00	11.00
12.00	12.00	12.00	12.00	12.00	12.00
8.00	8.00	8.00	8.00	8.00	8.00
168.00	164.00	159.00	156.00	156.00	210.00
116.00	117.00	114.00	118.00	109.00	120.00
161.00	160.00	164.00	171.00	172.00	174.00
21.00	22.00	22.00	22.00	22.00	21.00
1.00	0.00	0.00	0.00	0.00	0.00
7.00	7.00	6.00	6.00	5.00	5.00
4.00	4.00	4.00	4.00	3.00	2.00
3.00	3.00	3.00	3.00	1.00	1.00
19.00	18.00	18.00	17.00	18.00	27.00
72.00	71.00	72.00	71.00	67.00	64.00
174.00	200.00	186.00	186.00	187.00	208.00
51.00	51.00	50.00	51.00	52.00	51.00
73.00	72.00	71.00	70.00	67.00	67.00
67.00	63.00	65.00	67.00	65.00	71.00
<u>991.00</u>	<u>1,006.00</u>	<u>989.00</u>	<u>996.00</u>	<u>978.00</u>	<u>1,074.00</u>

Kettering City School District

*Operating Indicators - Cost per Pupil
Last Ten Years*

Fiscal Year	1999	2000	2001	2002	2003
Enrollment	7,946	7,988	7,920	7,808	7,528
Modified Accrual Basis					
Operating Expenditures	52,372,086	54,230,532	52,565,040	58,095,256	68,502,915
Cost per Pupil	6,591	6,789	6,637	7,440	9,100
Percentage of Change	5.4%	3.0%	(2.2%)	12.1%	22.3%
Accrual Basis					
Expenses	N/A	N/A	N/A	\$58,095,256	68,775,411
Cost per Pupil	N/A	N/A	N/A	7,440	9,136
Percentage of Change	N/A	N/A	N/A	N/A	22.8%
Teaching Staff	533	550	567	592	617
Pupil to Teacher Ratio					
Kettering	14.9	14.5	14.0	13.2	12.2
State Average	18.6	18.1	18.0	16.9	16.9

Source: District Treasurer's Office and Ohio Department of Education

N/A = Not available

Kettering City School District

2004	2005	2006	2007	2008
7,584	7,435	7,478	7,467	7,427
72,501,534	78,304,032	81,740,159	85,518,747	86,751,045
9,560	10,532	10,931	11,453	11,680
5.1%	10.2%	3.8%	4.8%	2.0%
76,593,197	79,355,641	79,245,374	88,265,326	88,976,154
10,099	10,673	10,597	11,821	11,980
10.5%	5.7%	(0.7%)	11.5%	1.3%
615	620	621	624	556
12.3	12.0	12.0	12.0	13.4
18.5	18.5	18.6	19.6	18.6

Kettering City School District

Operating Indicators by Function Last Ten Years

	1999	2000	2001	2002
Governmental Activities				
Instruction				
Regular	418	418	418	418
Special	85	85	85	85
Support Services				
Pupils				
Enrollment	7,946	7,988	7,920	7,808
Graduates	447	504	501	485
Percent of Students with Disabilities	11%	10%	11%	12%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	12	12	12	12
Administration				
School Attendance Rate	94.3%	94.3%	94.5%	94.5%
Fiscal Services				
Purchase Orders Processed	9,901	9,640	8,820	8,567
Checks Issued (non payroll)	8,850	8,720	8,900	9,895
Operation and Maintenance of Plant				
District Square Footage Maintained	1,276,080	1,276,080	1,276,080	1,346,597
District Square Acreage Maintained	254	254	254	254
Pupil Transportation				
Average Daily Students Transported	4,541	4,522	4,201	3,979
Average Daily Bus Fleet Miles	2,021	1,722	2,132	2,072
Number of Buses	55	55	55	50
Operation of Noninstructional Services				
Food Service				
Student Meals Served Yearly	N/A	N/A	N/A	601,381
Free/Reduced Price Meals Daily	N/A	N/A	N/A	3,422
Uniform School Supplies	3	3	3	3
Extracurricular Activities				
High School Varsity Teams	23	23	23	23

Source: District Treasurer's Office

N/A = Not available

Kettering City School District

2003	2004	2005	2006	2007	2008
418	415	414	468	446	467
85	88	85	93	92	94
7,528	7,584	7,435	7,478	7,467	7,427
521	512	523	568	533	539
14%	14%	16%	16%	14%	16%
5	5	5	5	5	5
12	12	12	12	12	12
94.2%	94.4%	94.6%	94.9%	94.9%	95.1%
8,063	7,839	7,572	6,950	6,443	5,841
7,934	8,221	8,341	7,418	7,445	7,033
1,346,597	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254	254
3,947	3,998	3,740	3,562	3,413	3,257
2,412	2,787	3,042	2,826	2,923	2,936
50	60	59	59	61	61
594,202	587,332	621,894	646,932	668,413	700,592
3,449	3,370	3,528	3,693	1,540	1,604
3	3	3	3	3	3
23	23	23	23	23	23

Kettering City School District

*Operating Indicators - Teacher Base Salaries
Last Ten Years*

Fiscal Year	1999	2000	2001	2002	2003
Minimum Salary	24,661	25,401	26,290	27,079	27,891
Maximum Salary	63,133	65,027	67,302	69,322	71,401
District Average Salary	43,938	44,532	45,717	47,137	48,221
County Average Salary	41,373	42,481	43,467	44,676	45,542
State Average Salary	40,746	41,713	42,892	44,266	45,515

Source: District Treasurer's Office and Ohio Department of Education

*Operating Indicators - Teacher by Education
Last Ten Years*

Fiscal Year	1999	2000	2001	2002	2003
Bachelor's Degree	192	192	192	192	192
Master's Degree + 15	311	311	311	311	311
Total	503	503	503	503	503

Source: District Treasurer's Office

Kettering City School District

2004	2005	2006	2007	2008
29,286	30,604	31,828	32,465	33,439
74,971	78,346	81,480	83,110	85,604
51,042	42,799	57,211	59,194	61,770
45,048	40,545	50,787	51,971	N/A
47,495	49,438	50,772	53,536	53,410

2004	2005	2006	2007	2008
192	173	191	164	178
311	326	370	397	397
503	499	561	561	575

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

	1999	2000	2001	2002
Secondary				
Kettering Fairmont High School				
Square Footage	350,000	350,000	350,000	420,517
Capacity (students)	3,725	3,725	3,725	3,725
Enrollment	2,370	2,468	2,494	2,475
Middle				
Kettering Middle School				
Square Footage	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250
Enrollment	1,146	1,152	1,176	1,150
Van Buren Middle School				
Square Footage	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960
Enrollment	716	751	740	731
Elementary				
Beavertown Elementary School				
Square Footage	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530
Enrollment	397	406	398	395
Greenmont Elementary School				
Square Footage	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720
Enrollment	389	383	375	371
Indian Riffle Elementary School				
Square Footage	102,000	102,000	102,000	102,000
Capacity (students)	1,300	1,300	1,300	1,300
Enrollment	533	492	482	455
J.F.Kennedy Elementary School				
Square Footage	106,000	106,000	106,000	106,000
Capacity (students)	1,000	1,000	1,000	1,000
Enrollment	599	582	558	555
Moraine Meadows Elementary School				
Square Footage	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418
Enrollment	187	187	190	197

Kettering City School District

2003	2004	2005	2006	2007	2008
420,517	420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725	3,725
2,520	2,479	2,454	2,485	2,451	2,451
245,522	245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250	2,250
1,122	1,079	1,099	1,041	996	996
103,184	103,184	103,184	103,184	103,184	103,184
960	960	960	960	960	960
739	740	676	680	689	689
47,347	47,347	47,347	47,347	47,347	47,347
530	530	530	530	530	530
348	359	354	353	387	387
45,633	45,633	45,633	45,633	45,633	45,633
720	720	720	720	720	720
329	324	346	336	326	326
102,000	102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300	1,300
469	471	435	444	448	448
106,000	106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000	1,000
552	539	537	554	534	534
26,732	26,732	26,732	26,732	26,732	26,732
418	418	418	418	418	418
159	160	152	155	153	153

(Continued)

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

	1999	2000	2001	2002
Oakview Elementary School				
Square Footage	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500
Enrollment	420	423	411	427
Orchard Park Elementary School				
Square Footage	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450
Enrollment	325	315	319	321
J.E.Prass Elementary School				
Square Footage	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570
Enrollment	411	400	384	370
Southdale Elementary School				
Square Footage	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530
Enrollment	453	429	393	391
All Other				
Central Administration Building				
Square Footage	26,968	26,968	26,968	26,968
Occupancy	104	83	101	179
Transportation Building				
Square Footage	30,000	30,000	30,000	30,000
Maintenance Building				
Square Footage	15,000	15,000	15,000	15,000

Source: District Treasurer's Office

Kettering City School District

2003	2004	2005	2006	2007	2008
49,056	49,056	49,056	49,056	49,056	49,056
500	500	500	500	500	500
416	433	565	409	402	402
34,189	34,189	34,189	34,189	34,189	34,189
450	450	450	450	450	450
305	291	290	304	306	306
47,264	47,264	47,264	47,264	47,264	47,264
570	570	570	570	570	570
369	349	348	336	324	324
47,185	47,185	47,185	47,185	47,185	47,185
530	530	530	530	530	530
393	363	384	407	451	451
26,968	26,968	26,968	26,968	26,968	26,968
195	178	195	153	153	153
30,000	30,000	30,000	30,000	30,000	30,000
15,000	15,000	15,000	15,000	15,000	15,000

Kettering City School District

Capital Asset Statistics by Function Last Ten Years

	1999	2000	2001	2002
Governmental Activities				
Instruction				
Regular				
Buildings and Improvements	\$17,256,080	\$17,256,080	\$17,256,080	\$17,253,196
Furniture, Vehicles and Equipment	2,650,155	2,627,837	2,768,675	573,619
Special				
Furniture, Vehicles and Equipment	189,942	207,978	207,978	197,331
Vocational				
Furniture, Vehicles and Equipment	299,122	454,572	454,572	431,488
Support Services				
Pupils				
Furniture, Vehicles and Equipment	62,121	72,758	72,758	58,569
Instructional Staff				
Furniture, Vehicles and Equipment	223,610	269,598	269,598	250,981
Administration				
Buildings and Improvements	213,000	213,000	213,000	213,000
Furniture, Vehicles and Equipment	280,581	297,751	297,751	232,879
Fiscal Services				
Furniture, Vehicles and Equipment	49,852	65,903	65,903	65,903
Business				
Furniture, Vehicles and Equipment	304,192	366,094	504,112	476,842
Operations and Maintenance of Plant				
Furniture, Vehicles and Equipment	301,473	360,374	385,291	352,738
Pupil Transportation				
Furniture, Vehicles and Equipment	2,811,635	2,866,846	2,967,886	1,502,088
Central				
Furniture, Vehicles and Equipment	430,357	513,230	513,230	356,637
Non-Instructional Activities				
Furniture, Vehicles and Equipment	249,964	277,982	277,982	406,868
Extracurricular Activities				
Furniture, Vehicles and Equipment	8,057	21,206	21,206	21,206
Facility Acquisition and Construction				
Buildings and Improvements	14,578,614	14,578,614	14,578,614	14,578,614

Source: District Treasurer's Office

Kettering City School District

2003	2004	2005	2006	2007	2008
\$17,253,196	\$17,253,196	\$17,253,196	\$17,253,196	\$17,253,196	\$17,253,196
617,035	664,622	542,221	536,731	554,562	615,582
197,331	197,331	197,331	200,831	207,636	210,889
452,988	452,988	452,988	479,353	479,353	479,353
58,569	58,569	71,273	71,273	121,164	139,448
267,702	267,702	267,702	267,702	267,702	267,702
213,000	213,000	213,000	213,000	213,000	213,000
246,198	246,198	246,198	262,998	262,998	120,461
65,903	65,903	65,903	65,903	65,903	65,903
476,842	476,842	476,842	476,842	476,842	334,305
375,992	373,095	416,879	416,879	420,479	420,479
1,588,645	1,754,945	1,991,505	2,404,010	2,404,010	2,265,675
356,637	356,637	186,821	193,757	1,383,911	1,389,307
439,441	474,577	654,250	722,967	757,108	857,470
21,206	21,206	21,206	21,206	21,206	26,405
17,530,495	40,686,440	97,577,740	118,327,885	119,196,986	119,196,986

Kettering City School District

Educational and Operating Statistics Last Ten Years

	1999	2000	2001	2002	2003
ACT Scores (Average)					
Kettering	22.7	22.8	22.8	22.6	23.4
Ohio	21.4	21.4	21.4	21.4	21.4
National	21.0	21.0	21.0	20.8	20.8
SAT Scores (Average)					
Kettering					
Verbal	530	537	537	528	544
Mathematical	542	537	537	527	551
Ohio					
Verbal	534	533	534	534	536
Mathematical	538	539	539	539	541
National					
Verbal	505	505	506	506	507
Mathematical	511	514	514	514	519
National Merit Scholars					
Finalist	2	2	1	3	2
Semi-Finalist	2	2	1	3	2
Commended Scholars	0	0	0	0	0
Cost per Student (ODE)					
Kettering	6,591	6,789	6,937	7,412	7,726
Ohio (Average)	6,642	7,057	7,602	8,073	8,441
Cost to Educate a Graduate					
Kettering	N/A	N/A	N/A	N/A	80,238
Ohio (Average)	64,002	67,621	71,601	75,655	79,747
Attendance Rate					
Kettering	93.62%	95.41%	94.35%	95.57%	93.50%
Ohio (Average)	94.20%	97.20%	94.70%	95.00%	94.90%
Graduation Rate					
Kettering	82.80%	77.70%	90.30%	95.00%	97.60%
Ohio (Average)	81.40%	80.70%	81.20%	82.80%	83.90%

Source:

District's Student Records and Ohio Department of Education

N/A = Not available

Kettering City School District

2004	2005	2006	2007	2008
22.2	22.2	23.2	22.7	22.7
21.4	21.1	21.5	21.6	21.7
20.9	20.6	21.1	21.2	21.1
527	524	541	525	517
531	532	552	532	531
540	539	535	536	534
540	543	544	542	544
510	508	503	502	502
510	520	581	515	515
2	0	0	0	0
2	0	0	0	2
0	3	4	6	1
8,247	9,434	10,593	10,998	11,078
8,768	9,028	9,356	9,586	9,939
83,539	88,059	93,166	104,163	115,241
84,129	88,133	89,779	99,365	109,304
93.90%	94.10%	95.50%	94.90%	95.10%
95.30%	95.20%	94.10%	94.10%	94.20%
99.30%	99.40%	98.60%	98.70%	N/A
84.30%	85.90%	86.20%	86.90%	N/A





Mary Taylor, CPA
Auditor of State

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 10, 2009